

Funding a Stratup

by

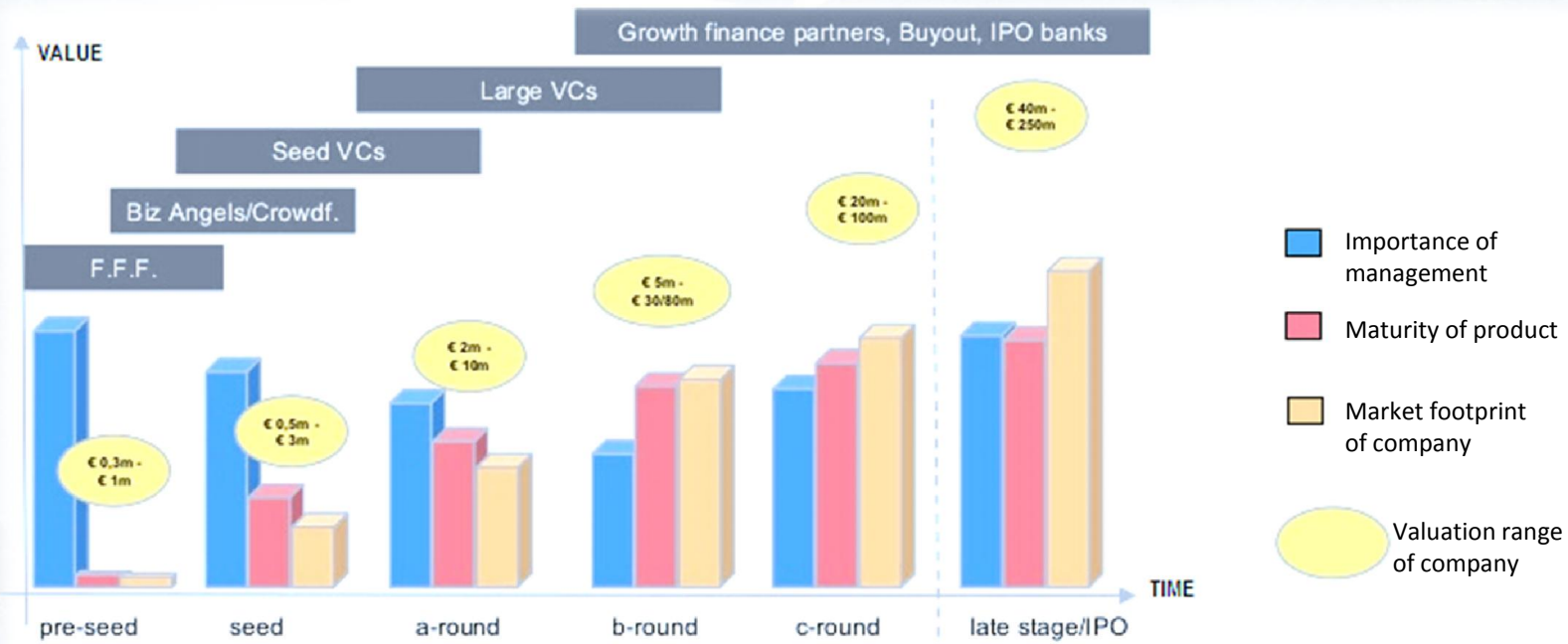
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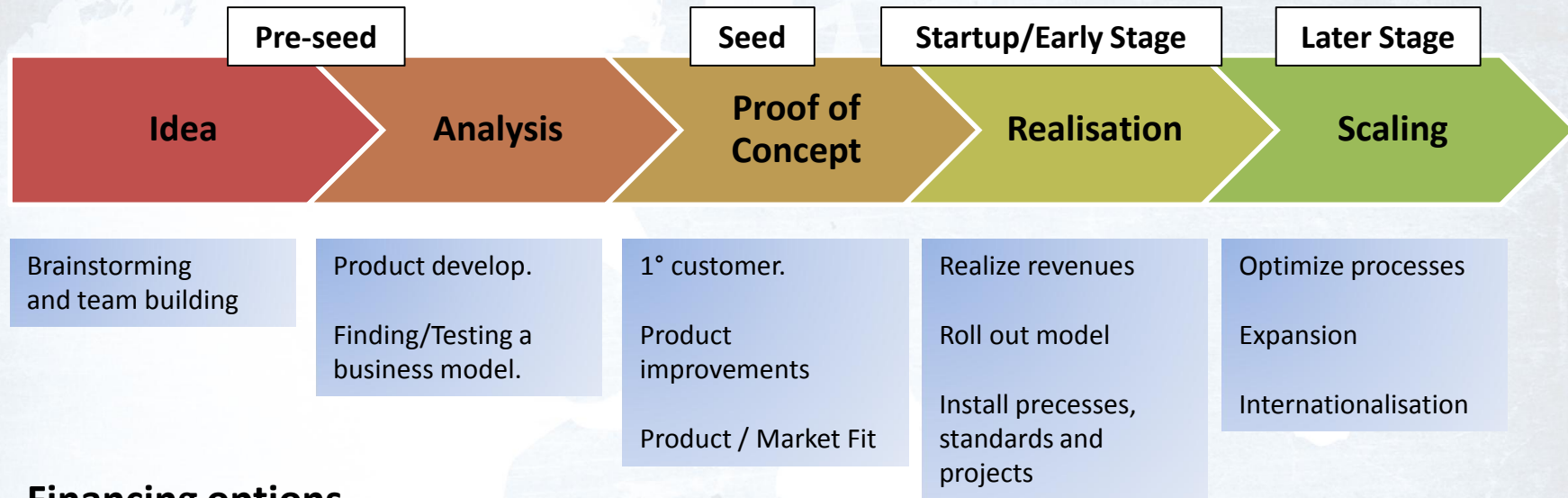
IOT360 Summit

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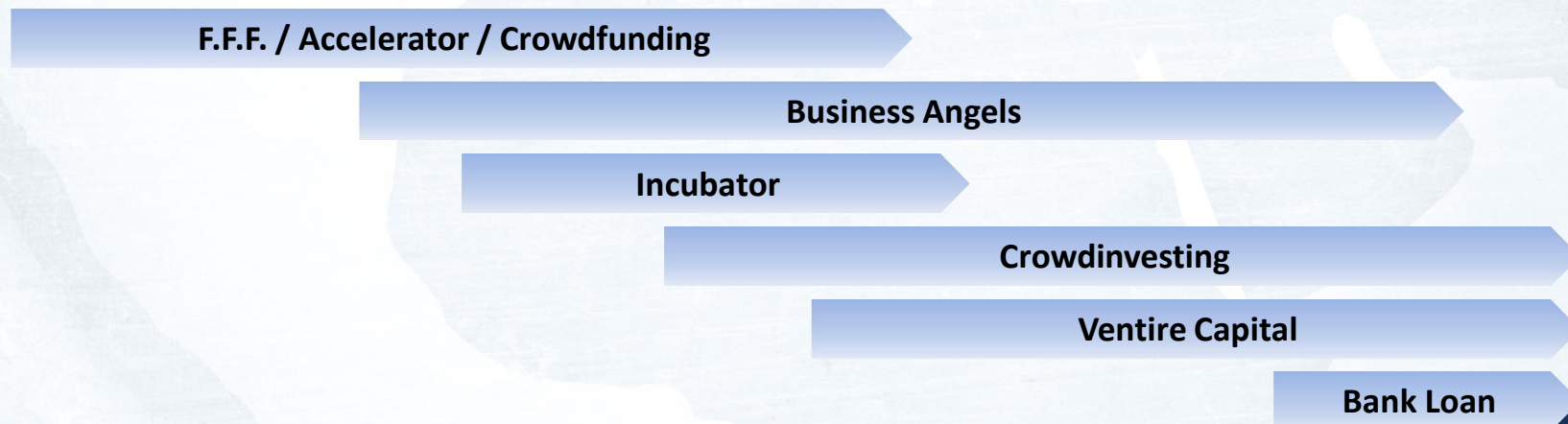
Startup Lifecycle from funding strategy perspective



Overview Funding stages



Financing options



Overview Funding stages

- **Pre Seed:** €10k to €50k (own money, FFF)
 - Idea stage, searching for business model, founding team only
- **Seed:** €100k to €500k (angels, crowd)
 - Prototype stage, first customers, first employees
- **Series A/B/C:** €500k to €5M (VC)
 - Scaling stage, growing revenue, growing team
- **Exit:** €.. (IPO, acquisition)
 - Serious challenger in the market



Do You know what investors LOOK FOR before funding a venture?

- Investors want a **return on investment** so the first thing they seek is evidence of traction*, engagement with your customers or markets
- Investors want to know about your cost structures and revenue streams (**margins**) or how you will build a scalable and profitable business
- Investors care about what the **market size is**, how big is this problem
- Investors worry about how easy it would be to keep **other people from just copying your business**
- Investor care about **Patent** because is an asset, and like any other assets, can liquidated if the business fails
- **Prototypes, beta version**

*Traction is the engagement of your product with customers

Let's think from an investor's perspective

- Is the idea UNIQUE and have enough opportunity in the market to sustain?
- Who are the people going to implement the idea?
- What is the BUSINESS MODEL and how will you earn your revenue?
- Got your OPERATIONAL MODEL AND STRATEGY figured out?
- Have the KNOWLEDGE OF THE INDUSTRY, MARKET AND COMPETITORS backed by data?
- WHERE would you use the funds? (Product Development, Asset Creation, Daily Operations, Human Resource, Marketing Activities, Expansion)

APPROACH the investor with your idea properly DOCUMENTED
All these needs to be documented in a BUSINESS PLAN
Business Plan will definitely enhance your chances of getting funds

Key things to consider when choosing an investor

- Relationship
 - With key individual(s); and
 - broader team
- References
 - Speak to other founders
- Portfolio
 - Relevant experience
 - Non competitive
 - Community you want to be part of
- Valuation and associated deal terms

Right partner at a fair price

VS.

Any partner at best price

The search for funding

- Make your materials: one pagers, slide deck, business plan
- Make a list of potential funders (desk research)
- Visit events where you can meet potential funders (field research)
- Approach the least appealing funders first and practice
- When you have enough feedback and confidence, approach the most appealing funders

Be critical to yourself, if you do not find investor's interest maybe it is because of you!

Net Net... Fact driven funders

- They manage money of others and have ROI as the main goal
- Focus on evidence:
 - Business opportunity
 - Traction
 - Team
- The ideal investment has:
 - A working product
 - A growing market
 - A launching customer
 - An experienced team
 - Patents



Thank you
and good luck!

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