

SMARTMONEY

STARTUPS

Fundraising Sprint Program



Your SmartMoney Team



Jeff (J.D.) Davids



Luis Berga

Program Schedule

COURSE OVERVIEW:

Feb. 2, 2017 at 9:00am PST – Module 1: Introduction & Market Mapping

Feb. 9, 2017 at 9:00am PST – Module 2: Targeting Deals & Investors

Feb. 16, 2017 at 9:00am PST – Module 3: Fundraising Campaign Roadmap

Feb. 23, 2017 at 9:00am PST – Module 4: Email Templates & Investor Readiness Scorecards

ASK ME ANYTHING SESSIONS:

Feb. 7, 2017 at 9:00am PST – AMA Session (Ask Me Anything)

Feb. 14, 2017 at 9:00am PST – AMA Session (Ask Me Anything)

Feb. 21, 2017 at 9:00am PST – AMA Session (Ask Me Anything)

Feb. 28, 2017 at 9:00am PST – AMA Session (Ask Me Anything)

Fundraising Sprint Feb 2017



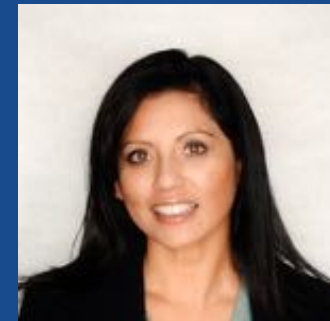
Nader Fathi



Savina Hawkins



Joel Russell



Remy Mraz



Vivienne Francis



Ian DeVries



Alex Cano

Mastermind Group Rules of Engagement

- Safe place to share
- No dumb questions
- Confidentiality
- Full transparency
- Rigorously honest
- Ask questions, suggest solutions/ideas
- Don't take it personally
- Don't mean it personally

Today's Topics

- Approaching Investors
- Investor Materials
- Pitch Meetings

Specific Questions

- MicroVCs – when, how
- How early?
- Cold email, online communications

Topic 1: Approaching Investors

- Building Relationships
- Think Long Term
- Timing
- Get Warm Introductions
- Pre-Revenue Approach
- Pre-Revenue Traction

Fundraising Phases

1. Lengthy Process – Factor this in
2. Early Fundraising
3. SmartMoney Fundraising
4. Due Diligence - Prelim
5. Termsheets
6. Due Diligence – Deep Dive
7. Closing Documents
8. Signatures and Wire Transfers
9. Closing Dinner
10. The first 90 days

Think like an Investor

Risk / Reward



Topic 2: Investor Materials

- Investor Materials
 - Email
 - Executive Summary
 - Investor Pitchdeck
 - Due Diligence Materials

Customer Traction

1. Product/Market Fit
 - Customer Delight / Raving Fans
2. Designing your Sales Cycle
3. Refining your Sales Cycle
4. Getting the flywheel spinning
5. Organic Growth
6. Driving KPIs (Key Performance Indicators)

Pre-Revenue Traction

1. Product/Market Fit
 1. Map Customer Problems with Product Features
 2. Customer wants & needs
2. Customer Interviews
3. Working Prototype (they will want to try it)
4. Beta Customers – install date, success measures
5. Beta test feedback – summarize, get quotes
6. Product Roadmap
 1. Short Term
 2. Long term

Customer Traction Sales Pipeline

| Customer | Initial Dialog | Presentations | Identify Decision Makers | Present Proposed Transaction | Verbal Agreement | Draft/Deliver Letter of Intent | Letter of Intent Signed | # of Units | Unit Price | Revenue for Initial Contract |
|--|----------------|---------------|--------------------------|------------------------------|------------------|--------------------------------|-------------------------|------------|------------------------|------------------------------|
| 1 | Completed | Completed | Completed | Completed | Completed | Completed | Completed | 6 | \$ 1,000 | \$ 6,000 |
| 2 | Completed | Completed | Completed | Completed | Completed | In Process | | 12 | \$ 1,000 | \$ 12,000 |
| 3 | Completed | Completed | Completed | In Process | | | | 7 | \$ 1,000 | \$ 7,000 |
| 4 | Completed | Completed | Completed | Completed | In Process | | | 9 | \$ 1,000 | \$ 9,000 |
| 5 | Completed | Completed | Completed | Completed | | | | 12 | \$ 1,000 | \$ 12,000 |
| 6 | Completed | Completed | Completed | In Process | | | | 3 | \$ 1,000 | \$ 3,000 |
| 7 | Completed | Completed | In Process | | | | | 8 | \$ 1,000 | \$ 8,000 |
| 8 | Completed | Completed | In Process | | | | | 5 | \$ 1,000 | \$ 5,000 |
| 9 | Completed | Completed | In Process | | | | | 4 | \$ 1,000 | \$ 4,000 |
| 10 | Completed | | | | | | | 4 | \$ 1,000 | \$ 4,000 |
| | | | | | | | | | Pipeline Value: | \$ 70,000 |
| Legend: | | | | | | | | | | |
|  Completed | | | | | | | | | | |
|  In Process | | | | | | | | | | |
|  Stuck here | | | | | | | | | | |

Barbara Corcoran Venture Partners



Barbara Corcoran



Phil Nadel

KPIs

1. CAC – Customer Acquisition Cost
2. Retention – the opposite of customer churn
3. LTV – Lifetime Value of a Customer
4. CAC to LTV Ratio – Golden Metric
5. CAC Recovery Time (fmrly known as cash payback period)
6. Overhead Costs
7. Monthly Burn
8. Cash Runway
9. Gross Profit Margin
10. Conversion Rate
11. GMV (Gross Merchandise Volume – for marketplaces)
12. MAUs – Monthly Active Users

Crisp Intro

- Elevator Pitch
- Bullet Point 1
- Bullet Point 2
- Bullet Point 3

Emails to Investors

- Draft “as-if” you are sending to them directly.
- Conversational tone
- Logical connecting point – you did your homework
- Info to send:
 - Less is more
 - Compelling, aligned email bullet points
 - “I’d like to learn more”
 - Clear Call To Action
 - Executive Summary attachments
 - Pitchdeck Attachments - NO
- Warm introductions
 - Make it EASY TO FORWARD
- **GOAL**
 - Get a phone call
 - Get a meeting

Info to Send

- Option 1:
 - Send email and pitchdeck (too much info)
- Option 2:
 - Send email & Executive Summary (no indicator of interest)
- Option 3:
 - Send email and make them ask for Executive Summary**
- Option 4:
 - Fill out the form on their website



1st Email Components

- 1 - Compliment & Connecting point.
- 2 - What problem are you solving?
Do they care?
- 3 - What benefits do you deliver?
- 4 – Market Forces Driving Need
- 5 - Why you will win

Example Email

Dear Investor,

Congratulations on your success with FlexGen Power. Based on your participation in that deal, you may be interested to learn more about the innovative **clean power generation solutions** that Dynamo Micropower has created.

Dynamo Micropower **makes engines** and gensets that provide pilot customers like Kinder Morgan with **savings** of approximately \$2 per barrel, GHG **reductions** of up to 500 kilotons/year and boost **reliability** from 90% to 99%. Our engines burn natural gas and other clean fuels rather than the diesel burning engines that dominate the market today.

Example Email – Part 2

Our market entry point is providing gensets to power oilfield pumpjacks with **trials underway** with Kinder Morgan and negotiations underway with many other customers. We are **preparing to expand** into additional sectors starting with portable heating, pipeline corrosion protection and gas compression power.

You may already know that IBIS World reports the industrial engine market to be **\$50 Billion at a 3.1% CAGR**, and most of these engines burn diesel. More attractive is the gigantic market shift into engines that burn natural gas and other alternative fuel where the **CAGR** is 26% on a base of \$5 Billion.

Please let me know if you have interest in reviewing our Executive Summary or **discussing this opportunity by phone**.

Best regards,

Example Email – Part 1

Dear Investor,

Congratulations on your success with _____XYZ Company____(a good exit). Based on your participation in that deal, you may be interested to learn more about the ____what we do____that we are creating.

We are solving the problem of _____ (broad description that is easy to nod and say yes, that is a problem worth solving_____.

We deliver _____benefit 1, 2, 3____ to our customers including A, B, and C.

Example Email – Part 2

Our market entry point is _____ and we plan to deploy _____ pilots during _____ Q1-17.

As we capture market share with _____ entry point _____, we are preparing to expand into _____ to sell more to the same customers.

BRIEF bullet points about market size and why this is a big and growing wave such that "a rising tide lifts all boats".

Please let me know if you have interest in reviewing our Executive Summary or discussing this opportunity by phone.

Best regards,

Warm Introductions

- **Cold Emails**
 - Signals a lack of sophistication
 - Approach to customers, partners, executives
 - Lack of creativity, going the extra mile to “do it right”
- **How many warm intros?**
 - Jeff Busgang example
- **Expectations about responses:**
 - Many will not respond
 - Example – persistence, but not obnoxious
- **When to follow up?**
 - Send monthly PROGRESS UPDATES
 - DON'T SEND the “did you get my email? Can we get a meeting?”

Early Outreach

- We're too early but....

Topic 3: Pitch Meetings

- Pitch
 - Don't Pitch
 - Conversational Flow
 - 10/20/30 Rule
 - PRACTICE – out loud
 - Dry Runs
 - Ask questions
 - Ask for feedback
 - Identify feedback trends

Dry Run Pitch

- Vivien Francis
- Rules:
- 5 minutes – Luis Timer
- Peer Assessments

- Market Risk
- Technology Risk
- Execution Risk

Q & A

SMARTMONEY
STARTUPS

The RIGHT Investors
In the RIGHT DEALS
At the RIGHT TIME