



# Guide to Investor Pitch

LIKE BUILDING A BUSINESS, FUNDRAISING IS A JOURNEY

# General Format

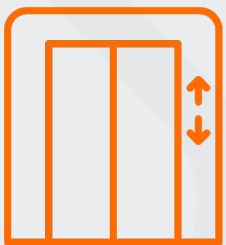
Below illustrates the general sequence and components of a slide deck

- 1 > Elevator Pitch
- 2 > Team
- 3 > The Problem
- 4 > Your Solution
- 5 > Market size
- 6 > Competition
- 7 > Business Model
- 8 > Marketing & Sales
- 9 > Proprietary Solution/Technology
- 10 > Money/ Milestones



**Demo Here**

# Essential Elements



## Elevator Pitch

(30-second quick pitch)



## Your Team

(superheroes and rock stars)



## Market

(size matters)



## Customers & Revenue

(impressive numbers)



## The Demo

(the money shot)



## Tips

- This format is for an in person presentation to a small group.
- The order followed by these slides is logical. Your presentation should have a similar structure.
- Use graphics whenever appropriate – use them to explain concepts quickly. A picture is worth 1000 words.
- Do not have too many slides. Ideally fifteen is the max. The presentation should take approximately 20 min.
- Format it well. Make it look beautiful and weed out all spelling & grammar mistakes.
- Practice alone; practice in front of friends; practice more.



# Elevator Pitch

- Short, simple, memorable

*“What, How, Why”*

- 3 key words or phrases

*We solve (this problem) by providing (advantage), to help (target customer) accomplish (target customer’s goal).*

- No expert jargon - keep it simple

*Remember you are trying to get the audience excited about what you are doing.*

# Elevator Pitch *Notes*

Find an interesting way to describe the most important points about your company to get them excited for the rest of the presentation.

- Strong management team.
- Patents and unique technology or model.
- Attractiveness of the venture for investment.
- Market trends, market growth rates.
- Size of the target market.

Current status:

- Stage of the venture.
- Any big clients or piloting partners? Testimonials?

Keep it short, 2-3 sentences. Just enough to create context for the rest of the deck.



## Tips

**The most important slide.**

- Do not clutter slide.
- Have the compelling story to share in addition to the slide contents

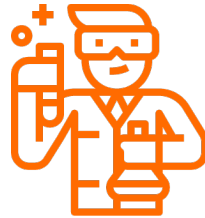
# Team

People that get investors excited



## Entrepreneurial Leaders

Who have bought and sold companies



## Product Expert / Scientist

With deep technical experience



## Sales & Marketing

Who bring in customer \$

# Team *Notes*

- The key management personnel and their backgrounds.

Present short biographies (3 sentences) that are accomplishment, experience and passion focused.

- The Board of Directors and/or Board of Advisors, and their backgrounds.
- The major investors that will be adding value going forward.



## Tips

- This is often the first page a prospective investor will turn to after the executive summary as execution depends on the quality of the team.
- If you don't have the team filled out, indicate the positions you look to fill in the next 60-180 days and how you will get them; articulate the required skill sets.
- If there are employees that you don't want investors to meet early on, don't list them here.
- Advisors and board members provide an outside perspective that is critical to challenging your thinking on strategy and tactics.



# The Problem

**What is the problem?**

Make it obvious.

**Who has it?**

**How much does it hurt?**

ADDRESSING THE PROBLEM IS A TOP PRIORITY!





# Your Solution

**Describe why your solution (product/ services) in the context of your product roadmap:**

Makes your customers happy

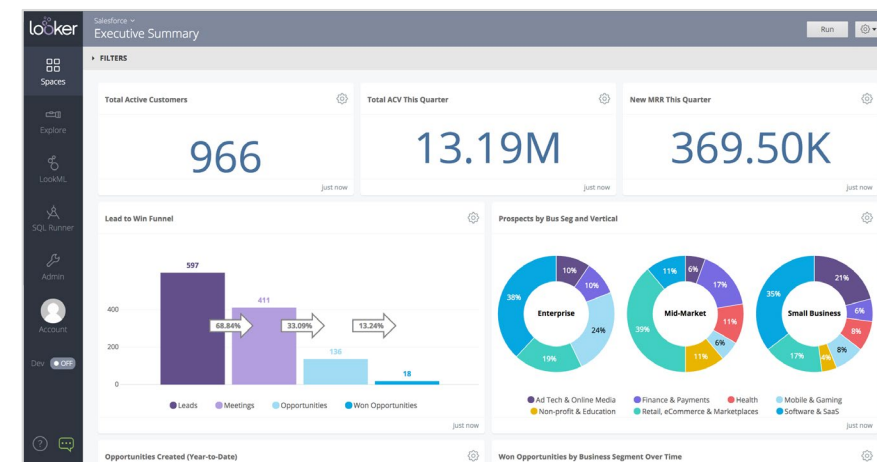
Does it better or different than anyone else  
*(good place for a customer case study)*

**SHOW EXAMPLE OF PRODUCT AND OFFER LIVE DEMO AFTER THE PRESENTATION.**

*For life sciences companies, show pre-clinical and clinical development as well as related regulatory and reimbursement pathways.*

# Solution *Notes*

- The major components and capabilities of the product or service.
- How the technology is different from and similar to existing technology?
  - Could it become “the standard”?
  - Are you cultivating partners who can drive it to becoming the standard?
- Are partners required in order to deliver the product or service?
  - If so, who are the key partner candidates?
  - What is the status of the partnering process?
- Use a separate slide to show product roadmap if needed.
  - The proposed release date of the product or service and the key milestones that must be achieved to make that date.
  - What are the key obstacles that must be overcome to make that date?
  - Draw a roadmap to show where you’ll take the product next.



## Tips

- Keep it at an investor – or senior operating executive – level. This is the time for big picture differentiation.
- A graphic of how the product or service works, especially if it is complex or is complementary to other products/services in the marketplace, can be very helpful.
- Focus on sustainable differentiation.



# Total Addressable Market

- Bigger is better. Bottom-up is better.
- Bottom-up approach = calculate users/usage/revenue \$
  - Average transaction amount = \$X
  - Y customers in your target market
  - Average customer buys Z times /year
  - $\$X \times Y \times Z$  annually = total addressable market size (\$ billions!)
- Top-down approach = someone else reported it
  - Forester, Gartner, and etc. – footnote sources of data
  - Market growing @ %/year
- Market drivers that show how market will grow and change



# Total Addressable Market *Notes*

- Market size in dollar amounts
- Market growth – how fast has the market grown and projected to grow for next 4-5 years
- Market drivers that show how market will grow and change
- Market segments addressed near term/long term



## Potential Market // \$129.9 Billion

Includes online retail affiliate revenue and advertising



## Target Market // \$3.66 Billion

Includes a percent of online retail and affiliate revenue



## Entry Market // \$409 Million

Includes licensing fees from Big Box store kiosk sale



# Competition



**Why you are better or different?**

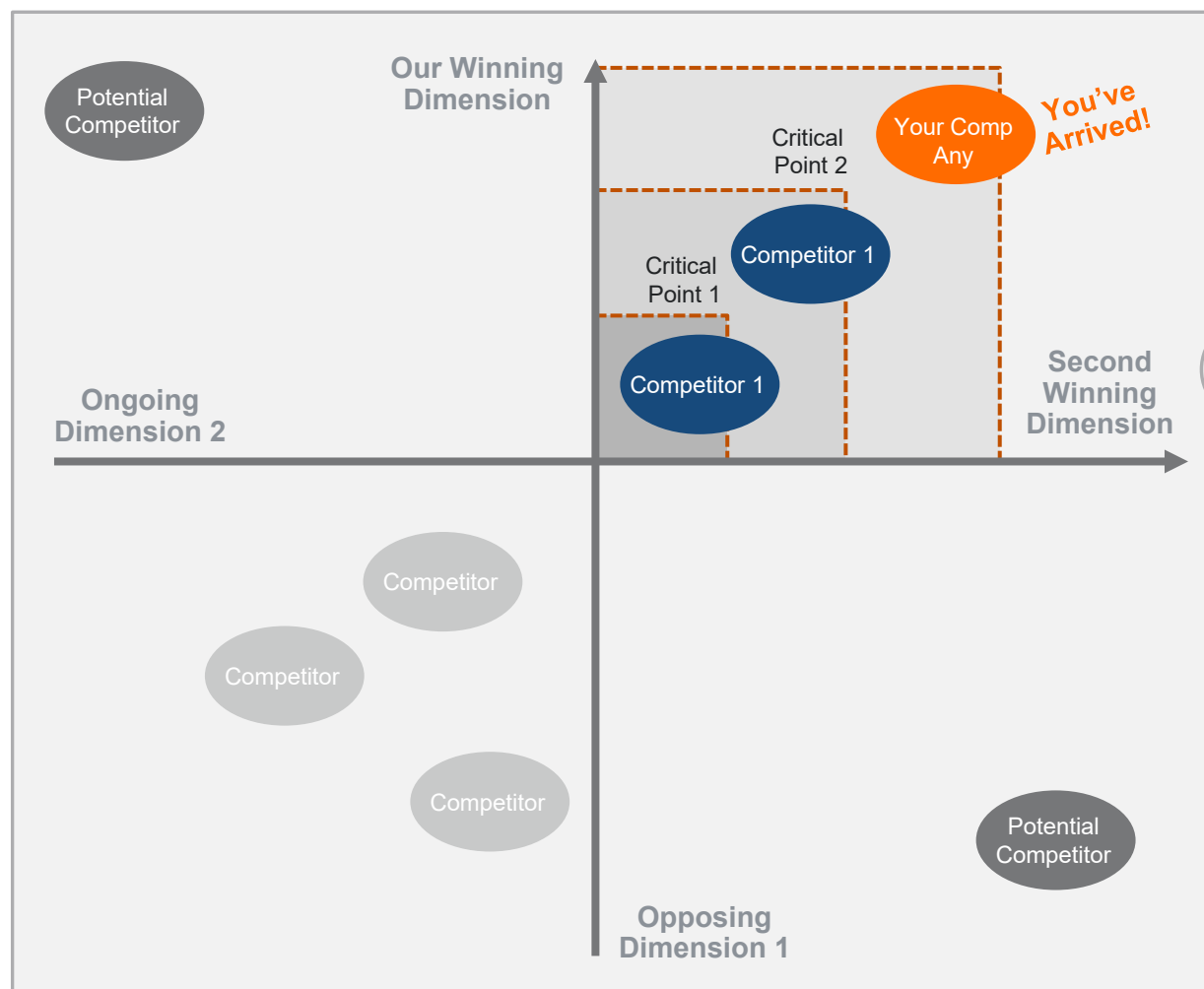
**List all competitors**

**Show how you are better or different from each**

**What is your niche to win?**

- The major competitors in the different market segments.
- The major competitive groupings that define the competitive dynamic in the market (e.g. serving large vs. small enterprise; application vs. tool; direct vs. indirect, etc.)
- How large/established are the main competitors?
- The primary strategy/orientation of each established player and of the new players entering the market.
- The alternatives and substitute products and services available to customers.
- How do you win against competitors – both in terms of classes of competitors and perceived direct competitors that can take money out of your pocket?

# Competition *Notes*



	Our Product	Competitor A	Competitor B	Competitor C
Capability 1	★★★★★	★★	★★	★
Capability 2	★★★★★	★★★★	★★★★	★★★
Capability 3	★★★★★	★★★★	★	★★
Capability 4	★★★★★	★★★★	★★★★	★★



## Tips

- Using a 2x2 show the two variable that your customers use to make a decision to purchase.
- Be fact-based – investors will have their own sources of competitive knowledge.
- Place the competitors on a matrix with key competitive differentiators defining the two axes. Then provide a detailed description and comparison of the competitors on a second page.
- There is always a competitor – don't say there isn't – but break the types of competitors into groups that you can position against and determine how you can win against each group.
- Use whatever graphic shows your company in the best light.
- Be prepared to discuss how you win.



# Business Model

- How do you make money?
  - Describe top 1-3 sources of revenue, prioritized by size or potential.
- Common revenue models:
  - Direct (product sales, licensing, subscription, ecommerce)
  - Indirect (affiliate, distribution, advertising, transaction fees)

*Life sciences companies: please describe business development strategies (funded through FDA approval, licenses to pharma partners, and etc.)*

# Business Model *Notes*

Show the where you fit in  
the market value chain

Describe all partnerships  
and relationships

Show how you'll  
make money



## Operations Framework

### Partner Network:

Relationships with other design studios to sub-contract development work

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Relationships with other design studios to sub-contract development work

### Supplier:

Plastic Former  
Computer Parts Supplier  
Assembler



## Products / Services

### Product:

Children's game kiosk with touch screen coloring books than animate once complete  
Also a variety of games for 2-8 year olds

### Service:

Game and interactive media application design and development

### Maintenance Service:

Game updates on a six month rotation



## Customer Framework

### Sales Channel:

Contracted Sales personnel  
Direct Sales  
Web Sales

### Targeted Customers:

Children's Hospitals  
Retailers with play areas

### Distribution Channels:

Assembler will build to order and ship upon completion



## Financial


**Costs:** Kiosk forms | Computer Parts | Kiosk Assembly **Revenues:** Individual kiosk sales | Subscription for maintenance service. | Development Projects by Proposal





# Marketing & Sales Plan

- How do you get customers and distribution?
- Lots of channels & decisions: show the primary and secondary
- This is a good place to show business development milestones and metrics, such as SaaS metrics.
- Life sciences companies: please describe indications and use cases.
- If you are pre-revenue, please describe customer discovery findings and how they have informed your go-to-market strategies.



Current Customers, Partners, and Discussions		
Customers	Pipeline	Partners
Logos Here	Logos Here	Logos Here
<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>		

# Go to Market *Notes*

## Marketing Strategy

*How the company plans to launch the product or service into the market*

- Customer research and purchasing patterns
- The positioning of the company/product/service and key market messages
- Marketing medium(s) the company use to promote the product or service and acquire customers
- The spending level for promotion and customer acquisition

## Sales & Distribution Strategy

*How the company plans to acquire customers*

- The direct sales strategy
- The company's partnership / direct strategy
- The pricing/revenue model for the products and services including the compensation for distribution partners.



## Tips

- If you have customer traction – flaunt it, but don't exaggerate!
- You may want to use your ***sales process chart*** to show what customers are in each stage.

## SALES PROCESS CHART





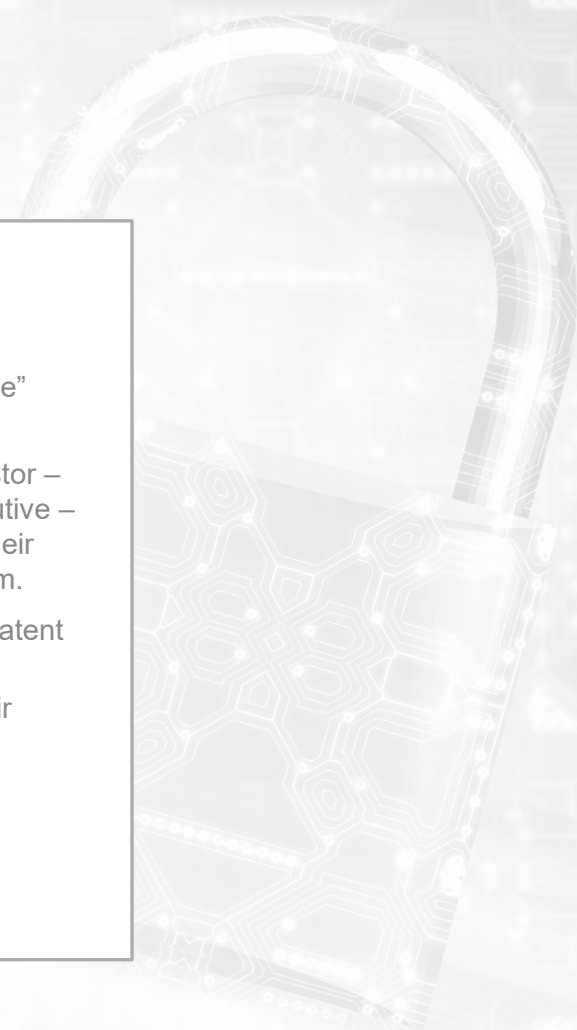
# Proprietary Solutions/Technology

- The main elements of the product/solution/service that represent the company's proprietary information/technology
- How is the company protecting this information/technology?
- Who else has or might have legal rights in the technology?



## Tips

- This is your “Secret Sauce” Opportunity.
- Again, keep it at an investor – or senior operating executive – level. Enough to excite their interest, but not bore them.
- Be prepared to discuss patent ownership if it comes up
- Investor's really like unfair advantages
  - big market lead
  - experienced team
  - superior technology (patents)



# Money & Milestones

Traction – revenue or meaningful milestones to date

How much money?

- What will you do with the capital?
  - New hires ( build product)
  - Ops & infrastructure (scale up)
  - Marketing & sales (get customers)
- Milestones you will achieve for the next raise

## Projections (3-5 years)

- Revenue growth
- For life sciences companies, show development budgets and other sources of capital such as federal grants if applicable



### Tips

- Projected financial results (yearly) for the next 3-5 years (always income statement, sometimes cash flow & balance sheet) OR have it all available in back-up slides for Q&A.
- Document Revenue & cost assumptions that drive financial projections (units sold, headcount by function, development cost, etc) as addendum.
- **You must create, maintain, and update a working, operations-focused financial model before and during the funding process.**
- *Note: Please be ready to answer questions regarding valuation and potential/ committed investors to date (if applicable and able).*



# Money & Milestones *Notes*

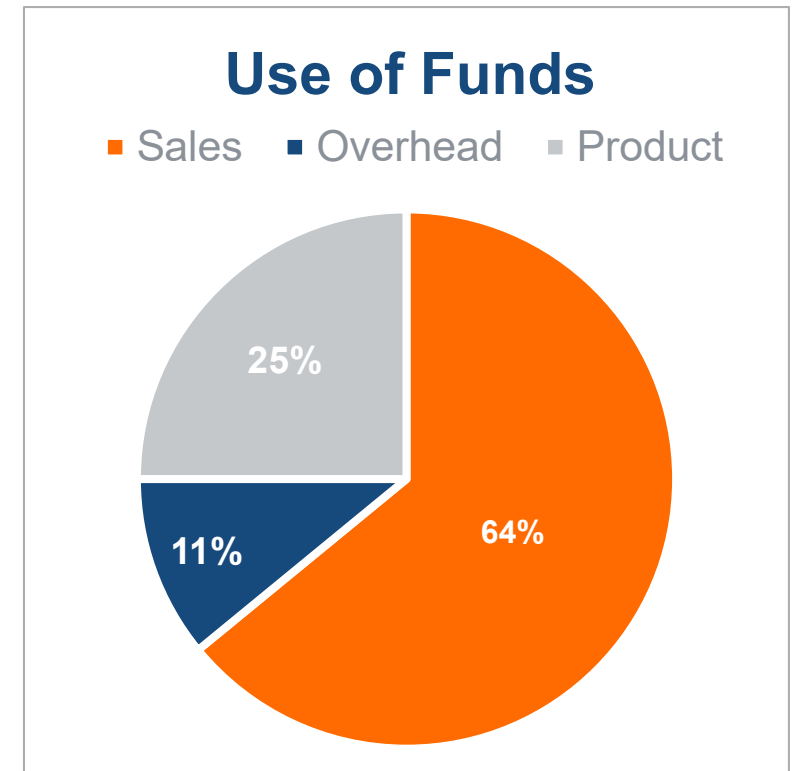
- Required capital

- Major uses of funds

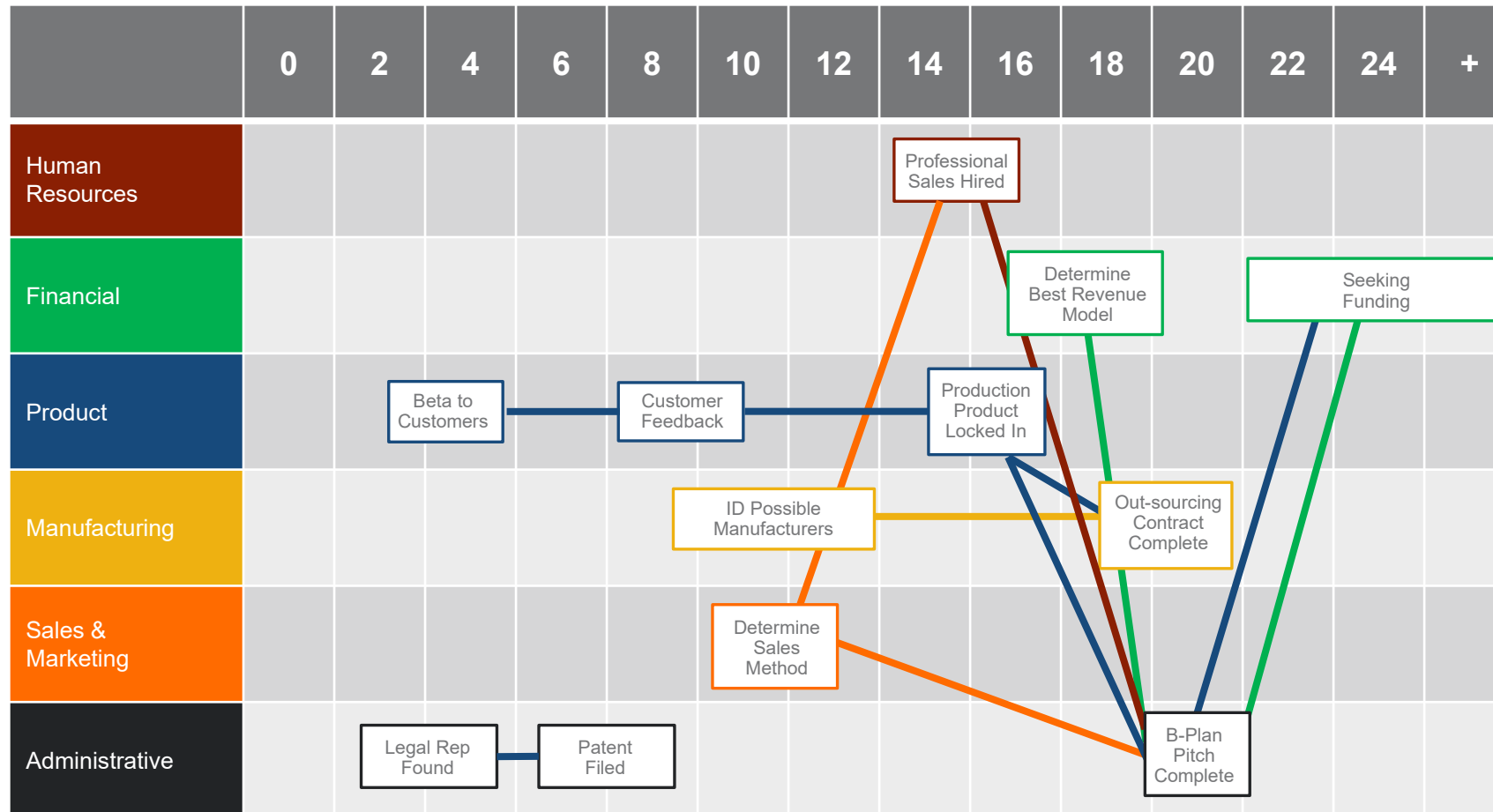
(sales-product-overhead) - the number of employees that will be required to accomplish these milestones.

- The major milestones and tasks over the next 12-24 months, and how will they be met/accomplished

(first product, first customer, key capacity in place, and etc.)



# Money & Milestones *Notes*



This is the area where an entrepreneurial team can prove they can run a business; good timelines are a differentiator when dealing with VCs

You will have great credibility with investors if you can articulate the timing of the next 10 specific things you will do to take your concept to reality when you get funding.

# Money & Milestones *Notes*

## Financials Example

Financials	2017 (Realized)	2018 (Realized)	2019 (Projected)	2020 (Projected)	2021 (Projected)
Revenue	1,017,250	4,069,000	12,207,000	27,465,750	54,931,500
Service	193,278	732,420	2,075,190	4,394,520	7,690,410
Recurring	823,973	3,336,580	10,131,810	23,071,230	47,241,090
COGS	243,835	949,705	2,772,210	6,064,438	11,436,738
Gross Profit	773,415	3,119,295	9,434,790	21,401,312	43,494,762
Gross Margin(blended)	76.03%	76.66%	77.29%	77.92%	79.18%
(MRR -Dec)	169,542	508,625	1,525,875	3,051,750	6,103,500
(ARR)	2,034,500	6,103,500	18,310,500	36,621,000	73,242,000
ARR growth rate (YoY)		300%	300%	200%	200%
SG&A					
R&D (Product Development)	563,450	1,173,800	2,801,400	5,853,150	11,346,300
Sales & Marketing	1,113,800	2,841,400	7,724,200	15,048,400	29,696,800
Total Operating Expenses	1,677,250	4,015,200	10,525,600	20,901,550	41,043,100
Operating Profit	-903,835	-895,905	-1,090,810	499,762	2,451,662
Operating Profit Margin	-88.85%	-22.02%	-8.94%	1.82%	4.46%
Other Expenses	68,156	272,623	817,869	1,840,205	3,680,411
Net Profit (can be negative!)	-971,991	-1,168,528	-1,908,679	-1,340,443	-1,228,749
Net Profit Margin	-95.55%	-28.72%	-15.64%	-4.88%	-2.24%
Beginning cash balance	1000000	28,009	359,482	450,803	2,110,360
Cash from operations	-971,991	-1,168,528	-1,908,679	-1,340,443	-1,228,749
Cash from investing activities	0	0	0	0	0
Cash from financing activities	0	1500000	2000000	3000000	0
Ending cash balance	28,009	359,482	450,803	2,110,360	881,611
Cumulative Headcount	12	29	75	149	293

# Demo

- The major components and capabilities of the product or service.
- How the technology is different from and similar to existing technology?
- Are partners required in order to deliver the product or service?



## Tips

### Live – video screen shots

- Practice, practice, practice
- Need to be under 3 minutes
- Demo will fail - have backup, local video, and screenshots



# Review Your Deck

Does your deck answer all of these questions?

- 1 > **Elevator Pitch:** *Can you communicate what you do and your value proposition concisely?*
- 2 > **Team:** *Does this team have the right people at this stage to build a company to a meaningful exit and make a return to the fund?*
- 3 > **The Problem:** *Is this a real problem customers will pay to solve or simply an annoyance?*
- 4 > **Your Solution:** *Does your solution really make customers happy?*
- 5 > **Market Size:** *Is this big enough an idea to build a big business?*
- 6 > **Competition:** *Do you really understand why folks buy from you?*
- 7 > **Business Model:** *How are you going to make money?*
- 8 > **Marketing & Sales:** *Can this team actually get customers and consistently so?*
- 9 > **Proprietary Solution/Technology:** *How do you creative a long-term competitive moat?*
- 10 > **Money/ Milestones:** *Is the round sized correctly to the next round's milestones?  
Is this a high-growth, venture-backable or a capital-efficient organic growth opportunity?*

# Elevate Ventures Typical Due Diligence List

The following slides are intended for your awareness and are not to be used during your pitch.

- 1 › *Copies of certificates of good standing, incorporation or comparable documents and all amendments*
- 2 › *Business registration in the State of Indiana*
- 3 › *Corporate organizational chart, including current legal structure and any subsidiaries or joint ventures if applicable*
- 4 › *Documents limiting the ability to compete (non-compete, confidentiality, NDA's)*
- 5 › *Board Composition and resumes of Board members*
- 6 › *Resumes of key management personnel (officers, directors, etc) including names, responsibilities, background and recent business experience*
- 7 › *Summary of all executive comp., perks, incentive plans including documents, costs, etc.*
- 8 › *Specifics of R&D plans including milestones, budgets, Gantt charts & reports listed by product, including list and timing of key internal product development manufacturing milestones*
- 9 › *Manufacturing processes, capacity, supply and outsourcing agreements, key risks*
- 10 › *List of sales/distribution/& supply/purchase service agreements*
- 11 › *A list and copy of all patents, applications, applications to be filed, abandoned applications, trademarks, copyrights, and other IP rights including expiration dates, royalty payments, any invention disclosures owned by the Company and subsidiaries, including copies of any material correspondence with the U.S. patent office within the past five years in connection with any existing or pending applications*

# Elevate Ventures Typical Due Diligence List (cont.)

- 12 › *Is any of the company's IP now or previously subject to dispute; litigation; re-examination; claims of unfair competition or patent infringement; or administrative actions? If yes, explain.*
- 13 › *Material license, royalty and other intellectual property agreements where the company or any subsidiary is the licensor or licensee.*
- 14 › *List of all regulatory agencies and compliance status, such as FDA or EPA. Written applications, communications, and decisions with such agencies.*
- 15 › *Current executive summary, product overview, sales & marketing plan*
- 16 › *List of competitors and analysis of comparative competitive position.*
- 17 › *Revenue breakdown and pricing structure, type of sale (license, outright sale, etc.?)*
- 18 › *Current customers/pilots, customer pipeline*
- 19 › *YE consolidated audited financial statements for the past three years plus audited/non-audited quarterly statements*
- 20 › *Three-year financial forecasts including assumptions (Excel Spreadsheet, unprotected)*
- 21 › *Current cash balances and cash forecast for the next 6 months*
- 22 › *Detailed cap table showing all shareholders and each holding broken down by class, series, options, warrants, etc. Provide in Excel (unprotected), include amounts and % owned, all outstanding warrants, options, convertible securities, number of authorized, issued & outstanding shares of common & preferred stock.*

# Elevate Ventures Typical Due Diligence List (cont.)

- 23 › *Schedule of liabilities. List and amount of all current loans and other notes of indebtedness including interest rate, principle terms, and ability to pre-pay.*
- 24 › *Detailed account of all grants received, technology funded, duration, source, contingencies, status of follow on, terms, etc.*
- 25 › *Investor pitch in the Elevate Ventures' recommended format*
- 26 › *List and information for other institutional investors who have completed or are currently in diligence as well as those who have indicated they will not participate*
- 27 › *Copy of any accepted, rejected, or currently negotiated term sheet for investment*
- 28 › *Projected timing and amounts for further private financings*
- 29 › *Description of any pending issues with tax authorities and copies of all correspondence, examinations and revenue agent reports.*
- 30 › *Reference Request: 3-5 Existing Board Members or investors for interviews; 3 professional references for all C-level management; 3-5 customer references; 1-2 key vendor references.*
- 31 › *Background Checks for VP-level and above*
- 32 › *Conflict of Interest Disclosure form*