The Art of Engaging Investors
for your Tech Startup

SJSU SAN JOSÉ STATE UNIVERSITY

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So you want to be an entrepreneur?...
Lifestyle Business

Venture-scale Startup
Best Funding Sources

- Angels
- Venture Capital
- Strategic Investors
- Any “bootstrapping”
- Customer payments
- NRE
- Government Grants
Funding Rounds

“Friends & Family”

Seed, Angels

VC - Series A

VC - Series B

$M
Investor Landscape
(Examples - far from exhaustive)

**Angels**
- Ron Conway
- Reid Hoffman
- Russ Siegelman
- Aydin Senkut
- Ariel Poler
- Mitch Kapor
- Naval Ravikant

**Angel Groups**
- Band of Angels
- Angels Forum
- Sandhill Angels
- Keiretsu Forum
- Golden Seeds

**Accelerators and Incubators**
- Y Combinator
- 500 Startups
- Alchemist Accelerator
- StartX

**Seed Funds and Super-Angels**
- First Round
- True
- Floodgate
- Softtech
- Bullpen

**VCs**
- Andreessen Horowitz
- Sequoia
- Benchmark
- Kleiner Perkins
- Access
- Greylock
- Matrix
- DFJ
- Venrock
- Reapoint

(Examples - far from exhaustive)
Awesome Product!
Amazing Tech!

Will I Achieve a Vast Return?
Is She Capable of Growing a Business?
“I saw the angel in the marble and carved until I set him free”

- Michelangelo
It’s not about you, it’s about them
Fundraising Tools

Elevator Pitch → Executive Summary → PPT Deck → Detailed Financials & DD
The Art of the Elevator Pitch

- Elevator Pitch
- Executive Summary
- PPT Deck
- Detailed Financials & DD
“Don’t bury the lede”
Hi Ted,

Hope you are doing well, and that the golf game is looking good.

Please allow me to introduce to you a company called FlextroTech Sciences, which is currently starting human trials on a new device which promises to cut the cost of knee replacement surgery by 60% and increase resulting ambulatory responsiveness by 30%. They have several medical supply distribution partners already prepared to ink deals, upon completion of trials. Their CEO previously ran sales at Medtronic and their CTO is a U Penn trained MD.

Might I follow up with an Executive Summary, or better yet give you a verbal update by phone?

Cheers, Bruce

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The Art of the Executive Summary

Elevator Pitch → Executive Summary → PPT Deck → Detailed Financials & DD
“I would have written a shorter letter, but I didn’t have the time.”
- Blaise Pascal
Executive Summary

• Problem Statement
• Solution
• Market Opportunity
• Competition
• Business Model
• Go to Market Strategy
• Progress to Date, Milestones
• Revenue
• Team
Problem/Solution Overview

• Clarity of Pain: credibility

• Investors seek “must-have” not “like to have”, in the eyes of customers

• Goal: memorable & repeatable, “Punchy” !!
Market Opportunity

• Aim for a repeatable narrative
  • Ideally: Narrative “equation”…
  ~if we sell X to Y at $Z we’ll achieve $N

• Ideal: Reference third-party data
Competition

- Be honest and open
- Worst possible wording: “We don't really have competition”
- Focus more on your advantage than on competitor strengths!
Business Model

- Be clear who buys what from whom, for what price, how often, etc
- Define the unit economics, individual transaction cost
Go To Market

Dave McClure @davemcclure · 10h
"Top 3 Reasons Our Startup Failed: 1) We didn’t sell anything. 2) We didn’t sell anything. 3) We didn’t sell anything." #customers #revenue
“Go To Market” Strategy

- Customer Acquisition: Direct Sales? Channels? Word of Mouth?....
- Put strong focus on near-term, ~6-12 months, granular steps
Progress & Milestones

“Vision without execution is hallucination.”

- Thomas Edison
Test, Refine, Test, Refine, Test, Refine, Test, Refine....

- Your team (who needs to be able to repeat)
- Your parents. 😊
- Friends
- Advisors
- Investors (who are not so important)
- Investors (“FTW”)

☺
The Art of the Pitch

- Elevator Pitch
- Executive Summary
- PPT Deck
- Detailed Financials & DD
The Pitch Deck
Follows Exec Summary Outline

Company Name & Logo (if have see) (Also, sum up to 20 words or less) (max 5 words)

[Opportunity or Need or Problem: Describe the customer problem that exists in the market/industry]

[Solution: Describe how your product/service solves the pain. Sometimes it’s hard to explain. Provide a solution that addresses the customer problem. The best way is to think about the product or service you provide.]

[Market: Describe your target market, indicate the market size in total, and the portion of the market available to your company. If appropriate, provide winning propositions or examples of products that demonstrate the opportunity. Metrics where possible are very valuable.]

[Competition: Describe known/expected competitors, either direct or indirect. Be specific/detailed, showing your competitive advantage compared to these competitors. Sometimes this topic can be placed within the Market section above.]

[Business Model: Describe the model by which you generate revenue. Be clear who is the typical customer and how the customer payment works for your company, particularly if there are intermediaries, channel sales, etc. Classify the unit of measurement: who pays whom, how much, how often, etc.]

[Go-To-Market: For most businesses, this is the most important element for investors. Include/Describe strategy. Direct sales? Expanding after showing? Focus of sales? Key messaging programs? Partner (models)?

[Progress-to-Date (Optional): Describe the major milestones and accomplishments of your company to date. Topics may include the current status of your product, customer engagements, sales pipeline, partnerships, etc. (show models, enhanced or traction based on real customers is most valuable here. When discussing customers/partners, use real names.)

[Revenue by Year: Yr1, Yr2, Yr3, Yr4, Yr5, Yr6, Yr7 (or whatever)]

[TEAM:

- CEO: Fred
- 5+ years experience in GHT technology
- Experience working in that operation
- Sales: Drew
- Operations: Andrew
- 3+ years installation/operations

[BOTTOM LINE: Substantial return on investment, substantial net impact on the ecosystem]

Contact: Jane Doe, Jane@Doe.com, 111-320-3333
Simplicity is the ultimate sophistication.
- Leonardo da Vinci
iPhone
Apple reinvents the phone
Finding Investor Prospects
It’s all about your network
If you remember nothing else...

• It’s not about you, it’s about them
• Investors fund companies, not products
• Focus on the angel, not the marble
• Tell ‘em how they’ll make a fortune
Thank You !