

# The Art of Engaging Investors

for your Tech Startup



**Bruce Schechter**  
The Schechter Company, LLC  
[www.schechter.com](http://www.schechter.com)



**@bruceschechter**

**band**  
**OF ANGELS**



**So you want to be an  
entrepreneur?...**

Lifestyle  
Business

Venture-scale  
Startup

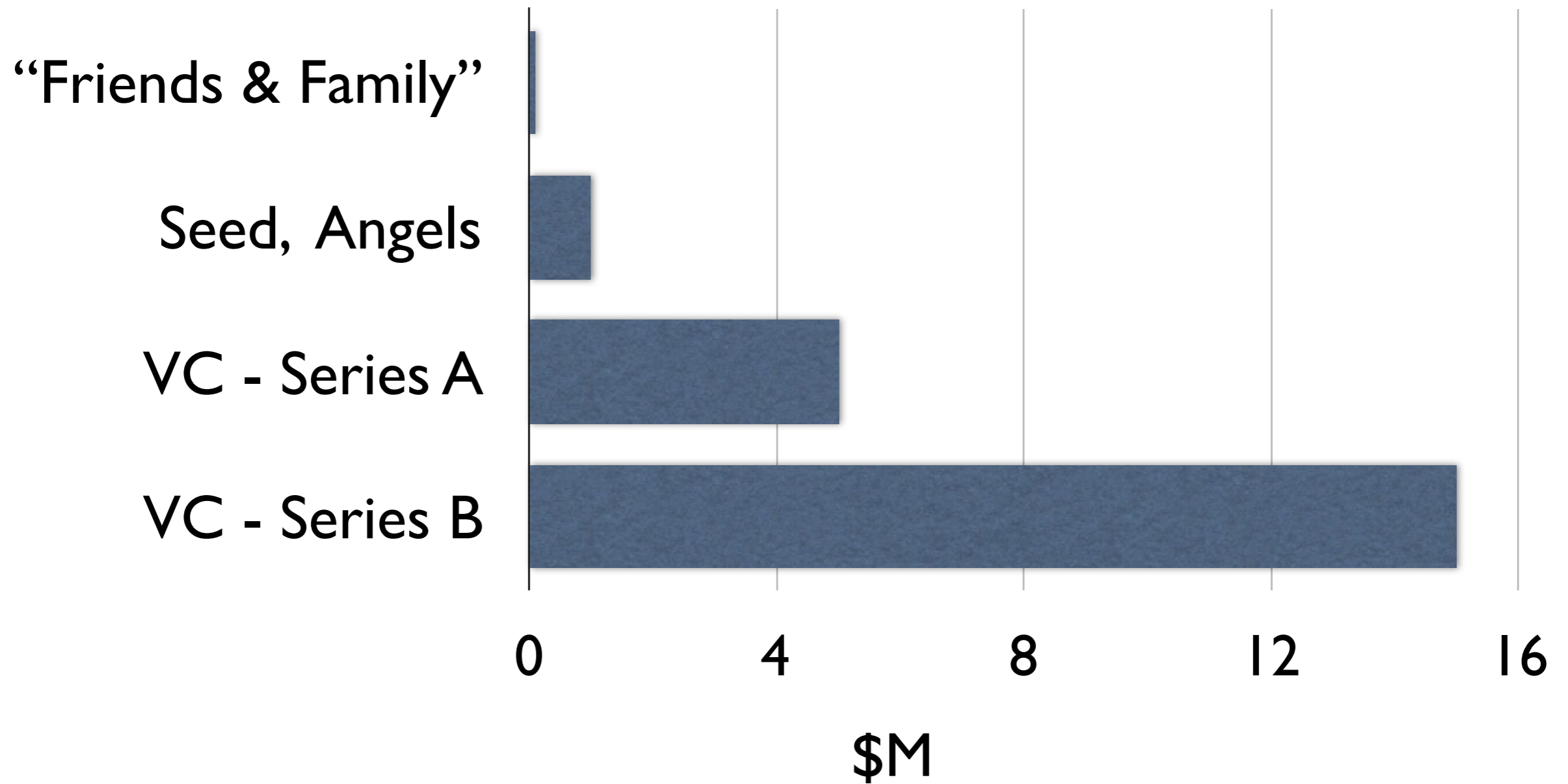


# Best Funding Sources



- Any “bootstrapping”
- Customer payments
- NRE
- Government Grants

# Funding Rounds



# 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  
Reappoint



**Awesome Product!  
Amazing Tech!**

**Will I Achieve a Vast Return?  
Is She Capable of  
Growing a Business?**



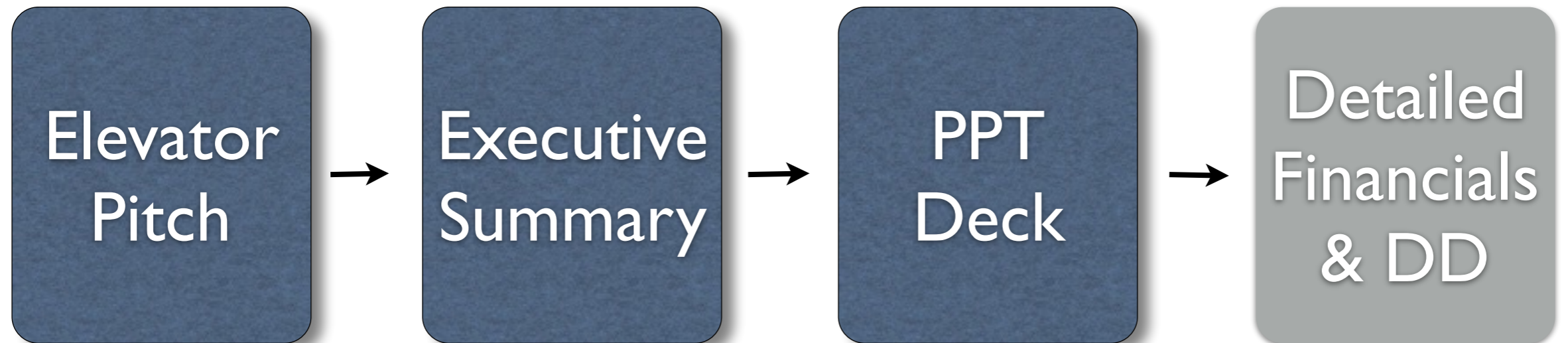
“I saw the angel in the marble  
and carved until I set him free”

- Michelangelo

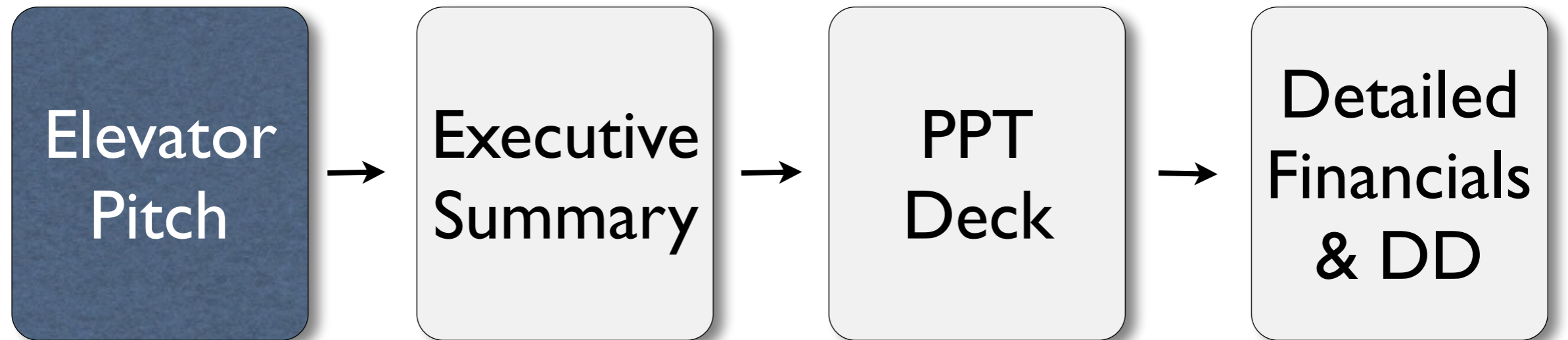


**It's not about you,  
it's about them**

# Fundraising Tools



# The Art of the Elevator Pitch



“Don’t bury  
the lede”



# An “Elevator Pitch”

From: Bruce Schechter (bruce@schechter.com)  
Date: Mon, 8 Nov 2012 8:23am  
To: Ted Fellows (ted@prodigiousVC.com)  
Subject: Intriguing Company in Life Sciences

Hi Ted,

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

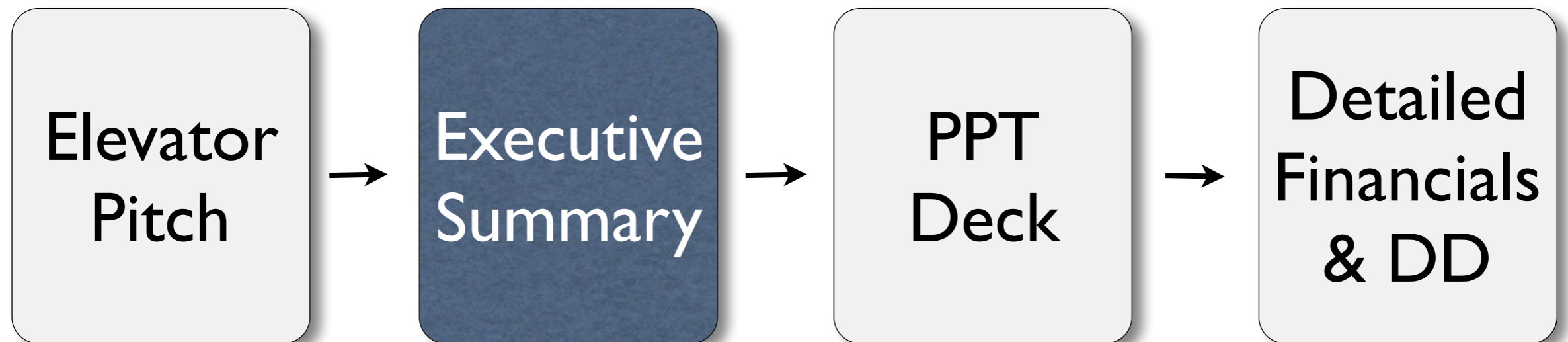
Please allow me to introduce to you a company called FlextroTech Sciences, which is currently starting human trials on a new device which promises to cut the cost of knee replacement surgery by 60% and increase resulting ambulatory responsiveness by 30%. They have several medical supply distribution 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

Bruce Schechter, (m) 408.219.0342, [www.schechter.com](http://www.schechter.com)

# The Art of the Executive Summary





**“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

Company Name & Logo (if have one) (Also, 3-5 word tag line is good)

**Opportunity or Need or Problem:** (Describe the customer problem that exists in the marketplace)

**Solution:** (Describe how your product/company solves the pain. Sometimes it's best to combine Problem/Solution into one Company Overview section. Be brief yet crystal clear as to what product or service your company provides.)

**Market:** (Describe your target market. Indicate the market size in total, and the portion of the market available to your company. If appropriate, provide existing proof points or analogous products to demonstrate the opportunity. Metrics where possible are very valuable.)

**Competition:** (Describe known/expected competitors, either direct or indirect. Be specific/tangible. Put emphasis on your competitive advantages with respect 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 reaches your company, particularly if there are intermediaries, channel sales, etc. Clarify the unit economics: who pays who, how much, how often, etc.)

**Go-To-Market:** (For most businesses, this is the most important element for investors. Customer acquisition strategy: Direct sales? Channel or other partnerships? Word of mouth? Key marketing programs: Partner Events?, SEO/SEM? Advertising? Social Mktg? etc. Generally, it's best to emphasize the near-term (8-12 months) with a brief view of the long term (1-3 years))

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

Revenue	Yr1	Yr2	Yr3	Yr4	YR5	B/E (for break-even)
	\$	\$	\$	\$	\$	Q3/13

**Team:** (Name, title & couple of key companies/titles. When in doubt, emphasize roles at companies with strong brand names. Sometimes key advisors are included if they are recognizable or luminaries.)

Contact: Jane Doe, Jane@Doe.com, 111.222.3333

# 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

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# “Go To Market” Strategy



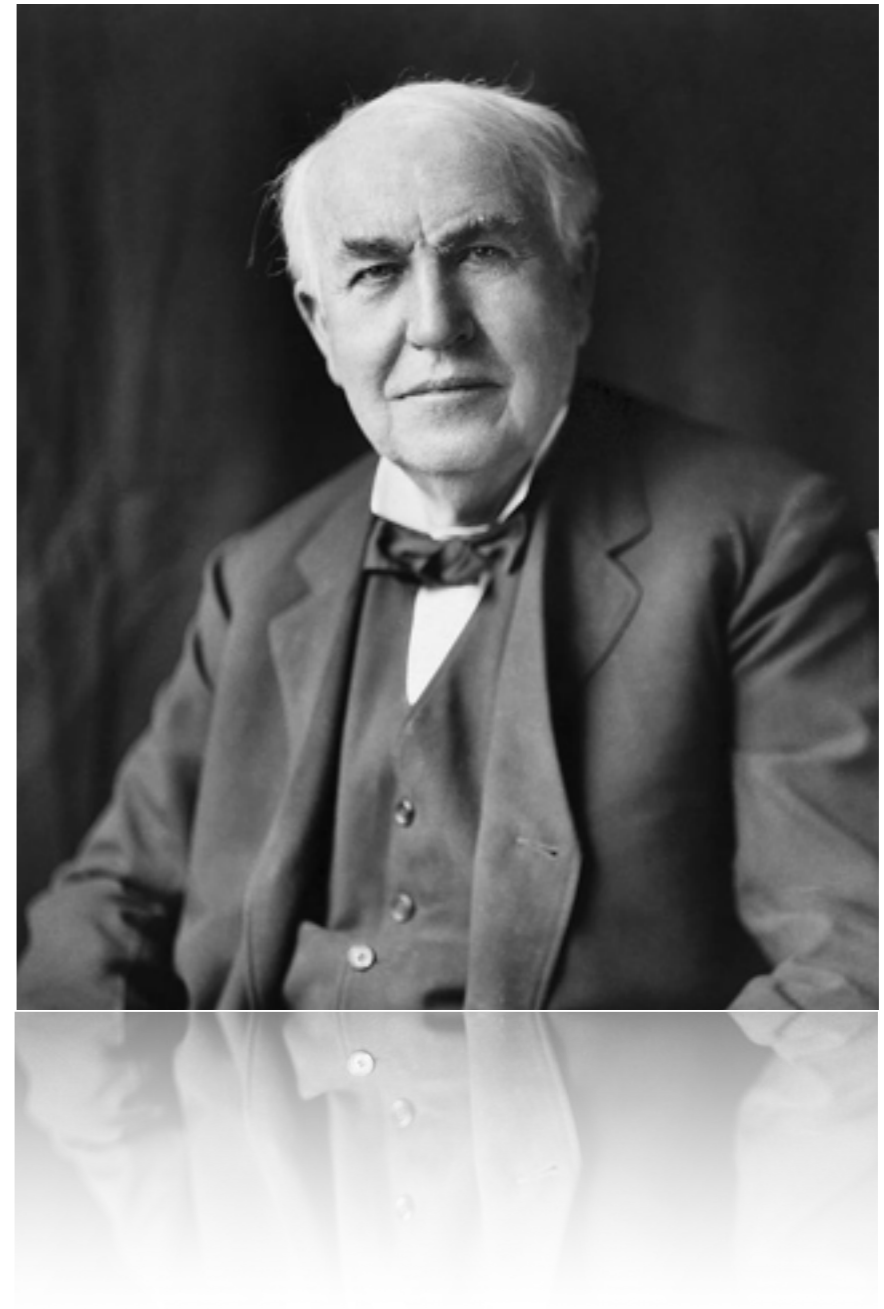
“The Big Dog!”

- Customer Acquisition: Direct Sales? Channels? Word of Mouth?....
- Key Marketing Tactics: PR? SEO/SEM? Advertising? Social Networking?....
- Put strong focus on near-term, ~6-12 months, granular steps

# Progress & Milestones

“Vision without execution  
is hallucination.”

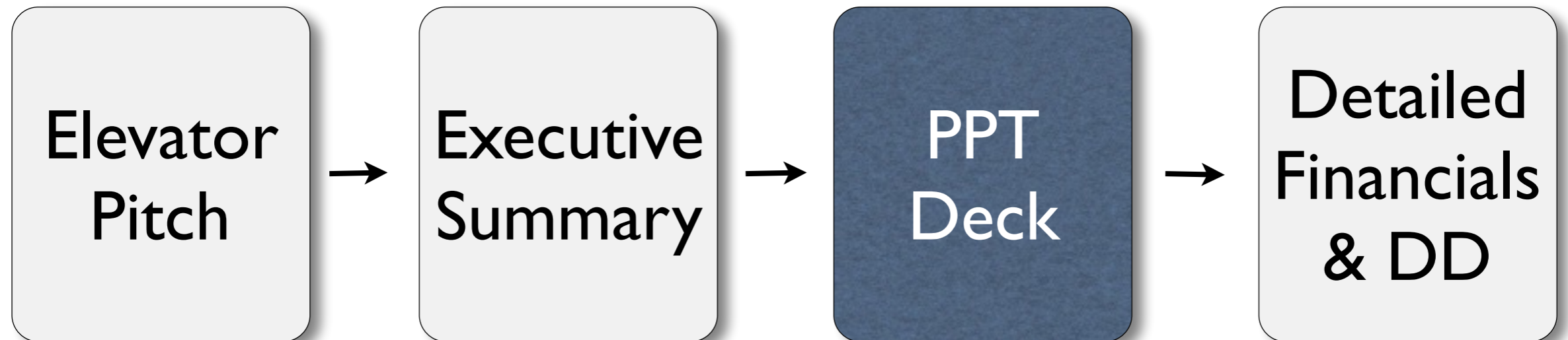
- Thomas Edison



# 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



# The Pitch Deck

## Follows Exec Summary Outline

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### Mission Modality

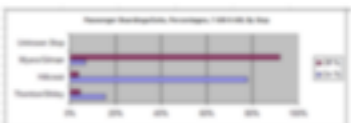


Presented by  
John Stinson, CEO  
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### CUSTOMER PAIN

RESEARCH LAB OPERATORS ASK:  
*Why aren't people riding our stuff?*

THE PUBLIC ASKS:  
*Why don't they have paper when I need them?*



Year	2008	2009	2010	2011	2012	2013
Investment	25%	20%	25%	30%	35%	40%
Revenue	15%	10%	15%	20%	25%	30%
Profit	10%	5%	10%	15%	20%	25%
Market Share	5%	3%	5%	7%	10%	12%

### BUSINESS MODEL

Keep the up-front costs low and risk-free, win on the monthly

Per Lab	INITIAL	MONTHLY
Strings	\$2,125	\$95
Counts	\$2,500	\$15
Widgets	\$3,400	\$55

### COMPETITION

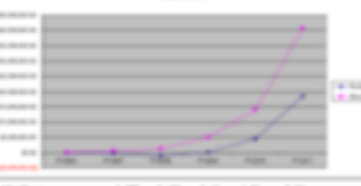
	JohnDoe	SheGlad	WeAreGreat
Price	2X	3X	X
Focus	1 feature	1 feature	Suite of features
Product	Unchanged 6 years	Outsourced	Custom built inhouse

### GO TO MARKET

- Referral: operators not competitors.
- Direct: Research decision makers
- Conferences: Wow! Look at that.

### TEAM

- CEO: Fred
  - 5+ years experience in GHT technology
  - Experience working in that operation
- Sales: Dave
  - Proven record of sales generation
- Operations: Andrew
  - 3+ years installation/operations



Year	2008	2009	2010	2011	2012	2013
Mkt Share	5%	3%	5%	7%	10%	12%
Revenue	\$100	\$120	\$150	\$200	\$250	\$300

### BOTTOM LINE

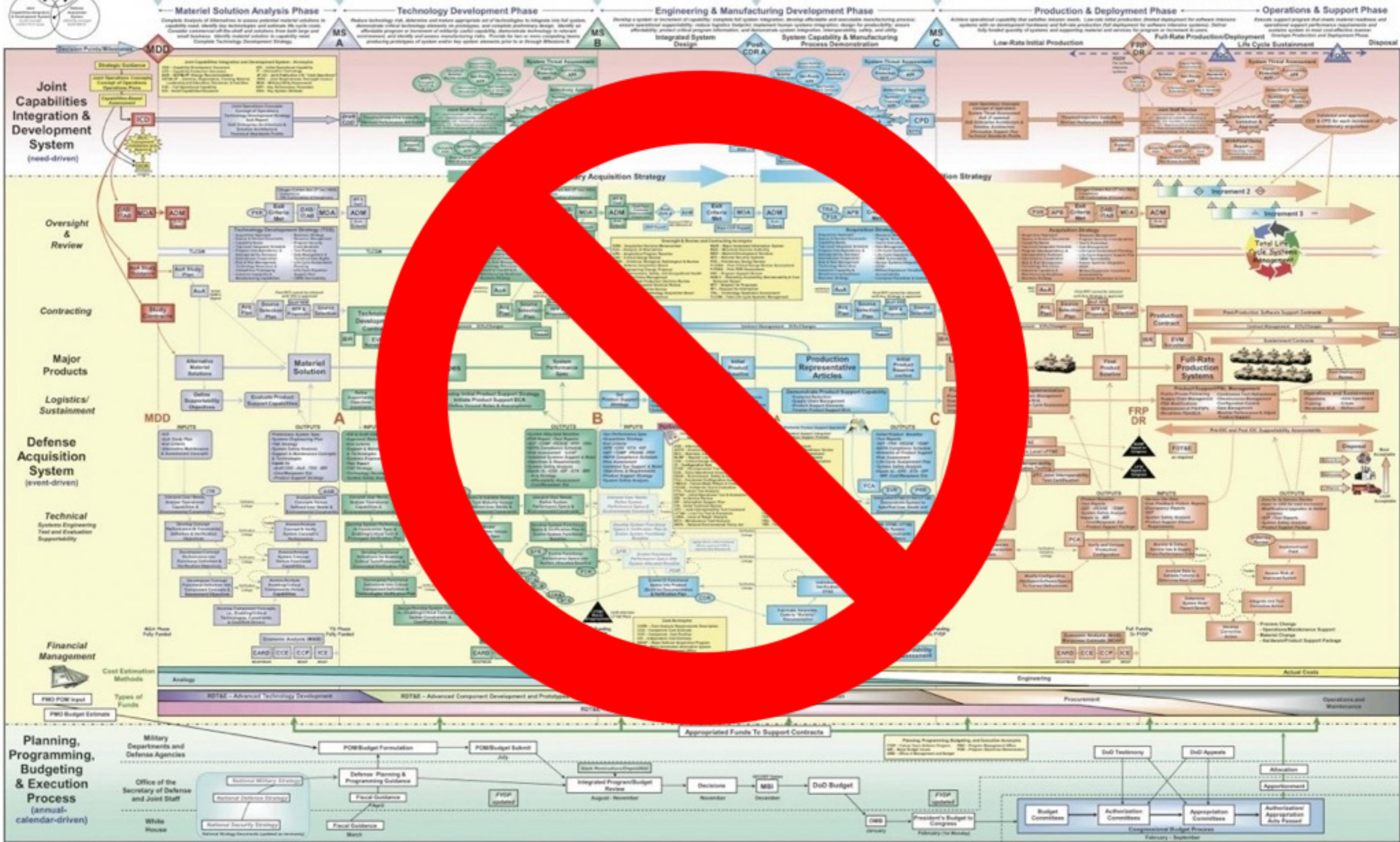
Substantial return on investment, substantial net impact on the ecosystem

# Integrated Defense Acquisition, Technology, and Logistics Life Cycle Management System

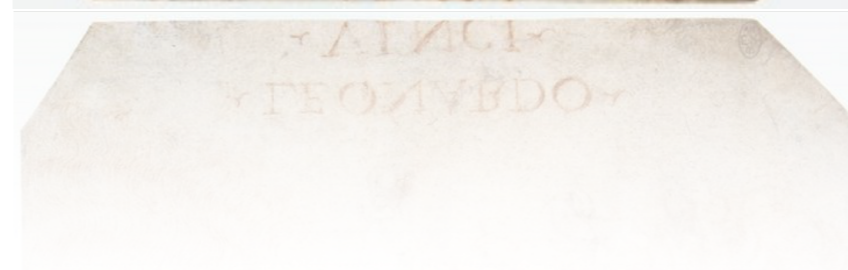


Following the Materiel Development Decision, the Milestone Decision Authority may authorize entry into the acquisition process at any point, consistent with phase-specific entrance criteria and statutory requirements

This chart is a condensed set of tables, diagrams, and text. It provides a national overview of the process of defense acquisition from the decision to develop, produce, and field a major system to the delivery of that system to the user. It is not intended to be a detailed description of the process. For more information, see the Defense Acquisition Program Policy (DAPD) and the Defense Acquisition Guide (DAG).



Simplicity is the  
ultimate sophistication.  
- *Leonardo da Vinci*



# iPhone

Apple reinvented the phone




# Finding Investor Prospects



**It's all about your network**

Bruce Schechter

A complex network graph visualization showing a dense web of nodes and edges. The nodes are colored in various shades, including blue, pink, green, and orange, suggesting different clusters or communities. The edges are thin lines connecting the nodes, creating a complex, interconnected structure. A central node is labeled "Bruce Schechter" in a small white box with a black border. The overall shape of the network is roughly rectangular, with a dense core in the center and more sparse, elongated structures extending outwards.

# 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 !*

