Funding

General idea

Startup funding: idea -> co-founder -> angel funding (up to 20k) -> seed round (~500k) -> series A (1mln) -> IPO

Investment can be in time, network, etc, but also money - funding.

Start with own business plan, and only then look for funding that is matching the plan. And including this, think what is in it for the funder.

There are specific funds that are for specific readiness levels, so look for those. Also, it is important to align values (SDG). And it is important to align with the goal of the funder (public funds are mostly for societal change, private/venture funds expect a financial return, foundations/charities focus on a single issue to solve, collaboration/sponsors are for future opportunity).

There are different fundings, which means there are different expectations on returns. (for us to grow it could be a possibility to provide software testing consultancy and get money to then invest into DBugIT (revenue-based growing))

Grants and awards: in the slides.

Take-off needs to have a transfer of knowledge to/from the university, and thus creating a bond with the university for an IP.

Loans: you are eligible for the loan if you have a good business plan.
Convertable Loan - you can pay it back or convert to equity.

Investments: ASIF - amsterdam student investment fund. They have a group of angel investors as well as 20k from them.
3xA fund - lean fund, 10k fund. You can apply throughout the year. And can be very quick. You have to be a BV or BVIO.

Venture capitals (Volta)

Incentive structure behinf venture capital.

VC fund is a plie of money that is basically given some money for the promise that they will double/triple the money in 10 years.

This means that they are looking for investments which are growing fast (since they are looking for 10 year growth).

In the VC fund, company can expect to dilute ~20%.

The early startups are evaluated by reverse engineering. E.g. 2mil for 20% is 10mil evaluation. With this cash, even with diluted shares, you can invest and go towards the next round, where it will grow.

The value should always go up, thus it is better to value lower. Especially with the coming recession.

Volta does from pre-seed (no capital, or product in early stages) to series A.

VCs and private investments are looking at uncertainty, therefore the less uncertainty you have, e.g. letters of intent from the customer, or sold products, business plan, etc., the better.

2 things investors base their investments on: team (why you are the ones to solve this problem), and market (it has to be big, to facilitate the growth (e.g. to be able to reach 100mil))

When approaching the VC: get customer profile, get how many there are interested, get how much can you earn per customer, multiply those and that's how you get the market value.

Ensemblate

it is better to fund raise in parallel rather than sequentially.

How to build a nice pitch?

Cover page:
it is okay to use a stock poto, but the text is most important and should be readable
WHAT: has to be specific (yes: hardware, software, no: platform)
FOR WHO: spcific
Add a summary what you are asking, what is the current situation.
Photo of UI/prototype.
Partners or awards. Check this with the companies whether you are allowed to mention them.

Be concise: 10-15 slides.

Present the team:
different people and present them on their experience and prove that the company will succeed because of them. This needs to be concise as well.

The problem/solution/technology:
problem has to be very specific. Back up claims about the problem with the customer arguments/stories.
Visualize the solution and back it up with data. Keep it readable and easy-level.
Who can benefit from the product (not only end-user, but where it adds value elsewhere as well)

Market:
Take into account total addressable market (TAM), SAM, SOM
To show this, and to show the information about the plan, you can show bottom-up build of price and addressable market.
This with combination of TAM, SAM, SOM

Competitor analysis:
find people what are the competitors or what are similar products.
Compariso with them should be realistic, and in the end show why you are the better one.

Financials:

add a timeline of the financial position change, and maybe show how it was changing.

Aesthetics:

try to use a font size a min of 15pt