

NewCo Pitch Deck Primer for Cornell Tech

Prof. Steven Gal
August 2014

Important User Notes

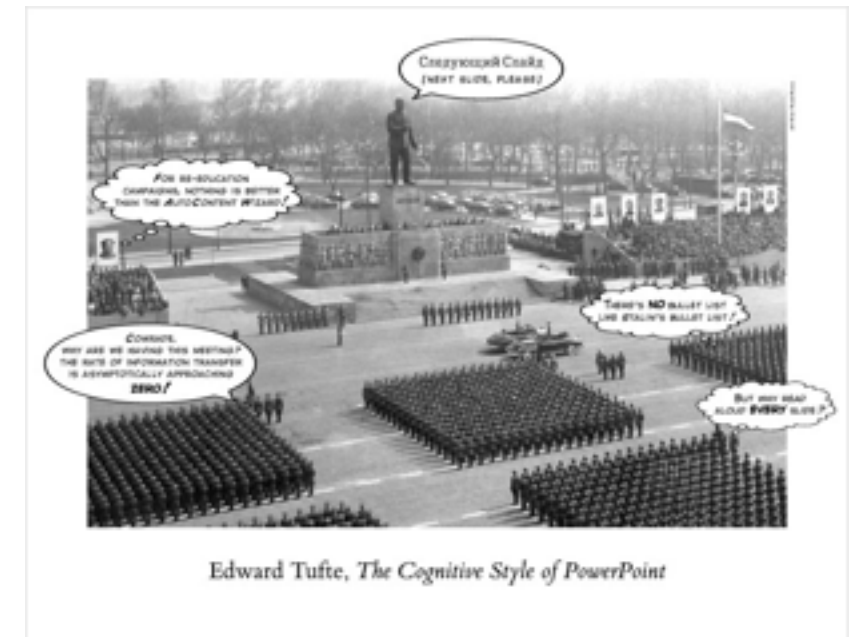
What this slide deck is: It is representative of the kind of content and evidence that I and others have included in successfully obtaining Seed/Series A (first professional) equity financing for new businesses. With minor adjustments, it can be used for other types of seed funding. With additions and changes, it can serve as part of presentations to prospective customers, partners, employees or others.

What this slide deck is *not*: This is *not* a pitch deck. This is a guide to the type of content and evidence that goes in to a pitch deck. A pitch deck requires you to assemble this information in such a way that it tells a compelling story about **why this, why now, and why you - why this business and why this customer**. This slide deck is an outline, *not a story*. Your pitch is a **STORY**. There are way too many words here, and few graphics, pictures, demonstrations, prototypes, images, builds - few of the required visual representations required in order to weave together a compelling story. The slides marked as coming from an actual pitch deck are representative of actual storytelling slides.

Use the order of the presentation slides and the headers of each slide (if you have headers) as part of telling your story. The only “rule” is that your first slide tell us what you do in one sentence so that anyone can understand it - failing to follow this rule makes it likely that your entire presentation will be taken off track by the audience. After that, the *slide orders and headings offered here are generic and descriptive* - create your own to convey a powerful message - use this prime real estate to advantage.

If you don't have the content and the evidence required, don't try to raise professional money. All professional financings that I have seen have been substance over form - it is the quality of the evidence of opportunity (customer validation, customer demand, market size, product/market fit, expertise in solving problem, technology and the team to execute) that will rule. Still, a good pitch goes a long way, and a bad one can really kill an otherwise perfectly good business opportunity.

Prof. Steven Gal



NewCo

This is a cover slide.

Required: The name of your new company.

Optional: One sentence on what you do, perhaps an image.

NewCo

- One sentence that tells us **what you do** so that ***anyone* can understand it**
- Supported by a demonstration, prototype, video, graphic, image or other visual or experiential element.

Test:

You can provide this slide to anyone, in person or virtually, and they should understand *what you do* well enough to determine whether they might be a customer or employee or investor or partner - an interested party - or might know one.



Enable Opportunity/Solve Problem

- This is the **heart of the story**. This is where you describe or show **product/market fit**. *Answer the question: What **severe problem** do you solve or what **grand opportunity** do you offer to what **target customer segment**, and what **evidence do you have** to prove it?*
- Remember, in order to actually build the business, you will need **buy in** from *everyone* (founders, investors, team, partners, mentors. etc.) that it is **probable** that **you** could in fact **solve** the problem or **create** the opportunity (subject of course to detailed evidence).
- **This is a great place to use a demo or prototype** to make your case. This is also often done through custom graphics supporting the presenter in telling the story, and **must** speak to solid Customer Development. **See next slides for an example from an actual pitch.**

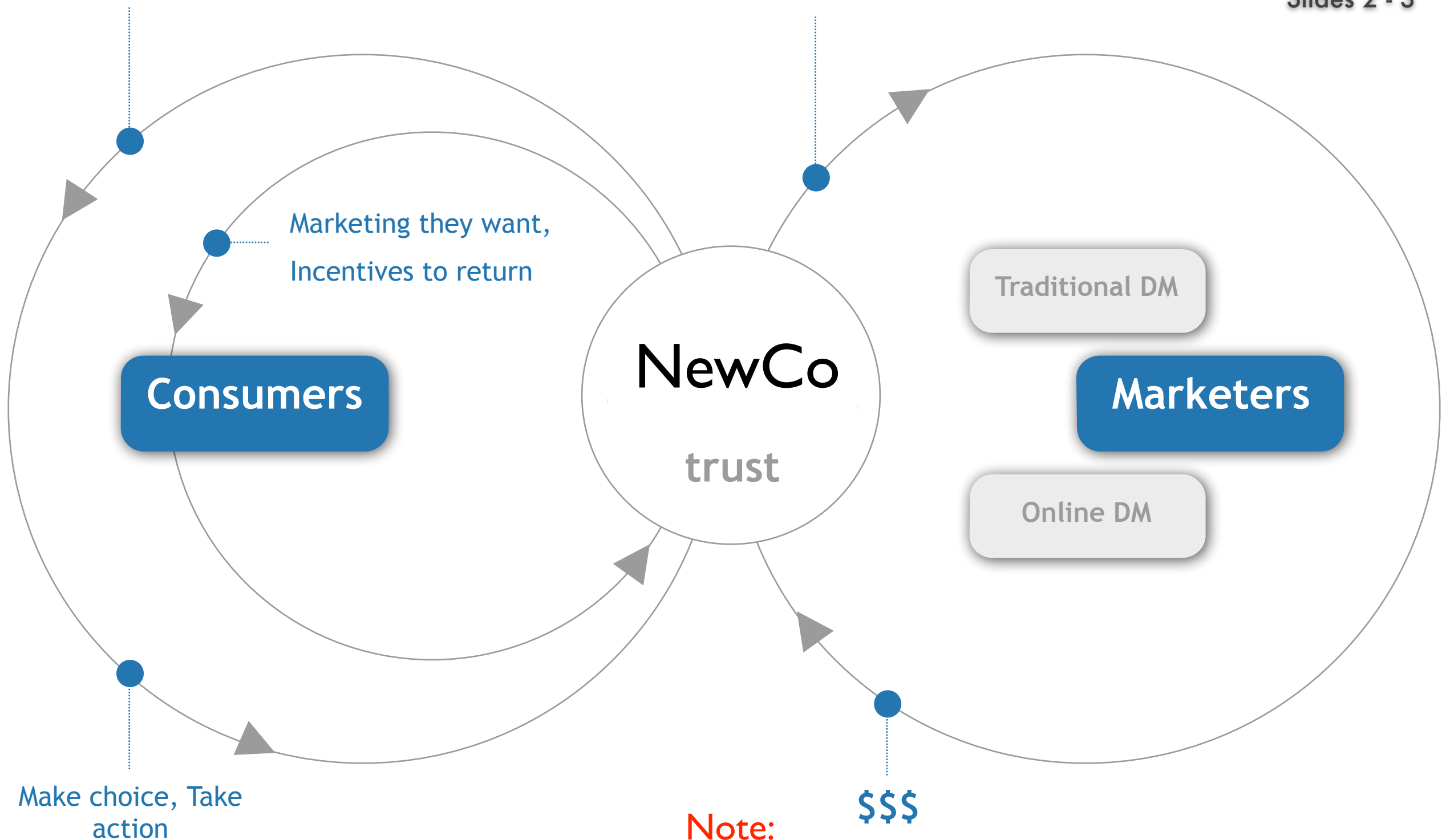
Note:

You should **expect to be interrupted** with questions throughout your pitch. You should be prepared to jump ahead to speak to the areas of interest as expressed by your audience - **THEY are the customer** for your presentation and you are there to serve them.

Protect & manage
identity

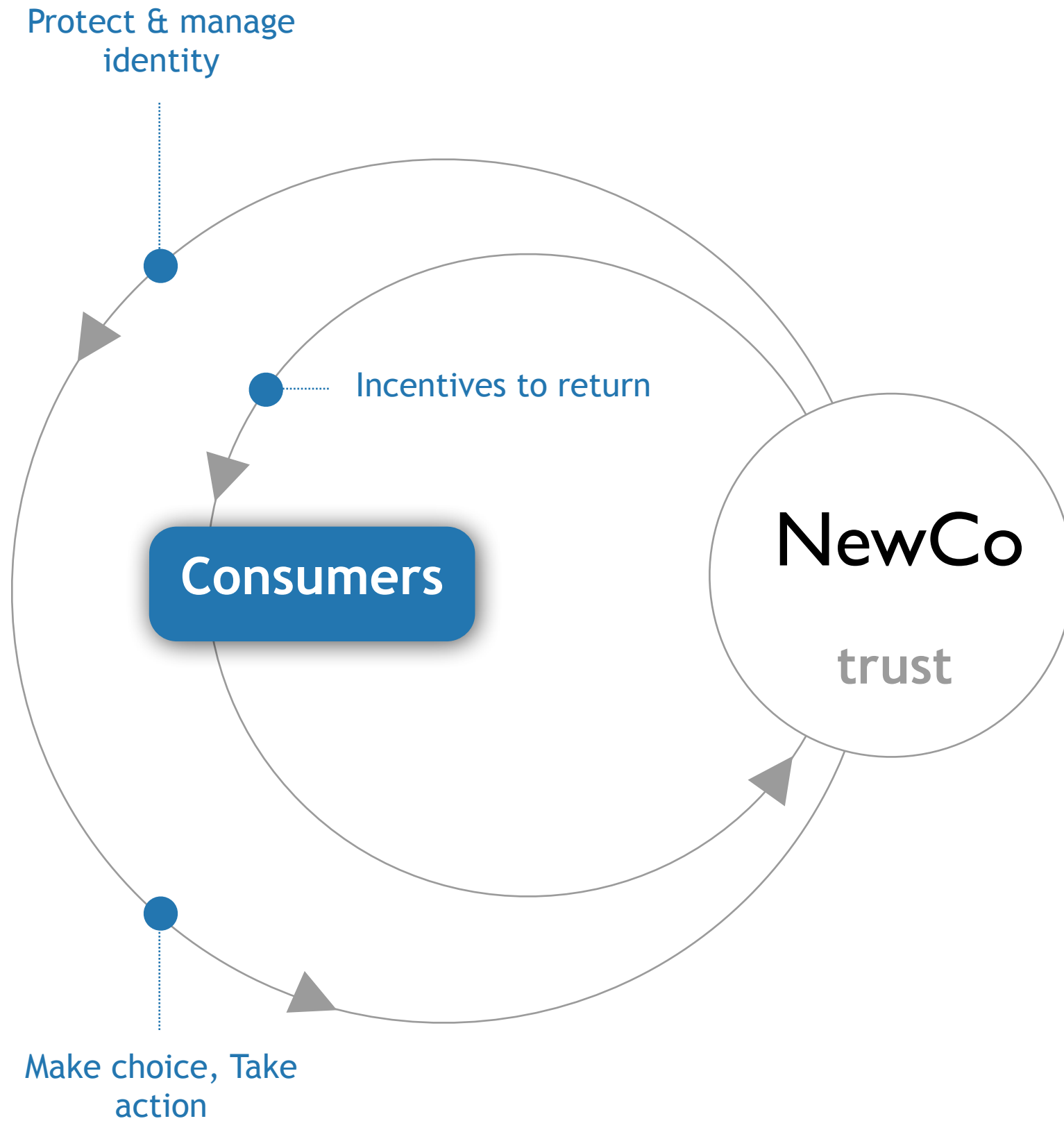
Access to consumers who want
their marketing

Example of
Slides 2 - 3

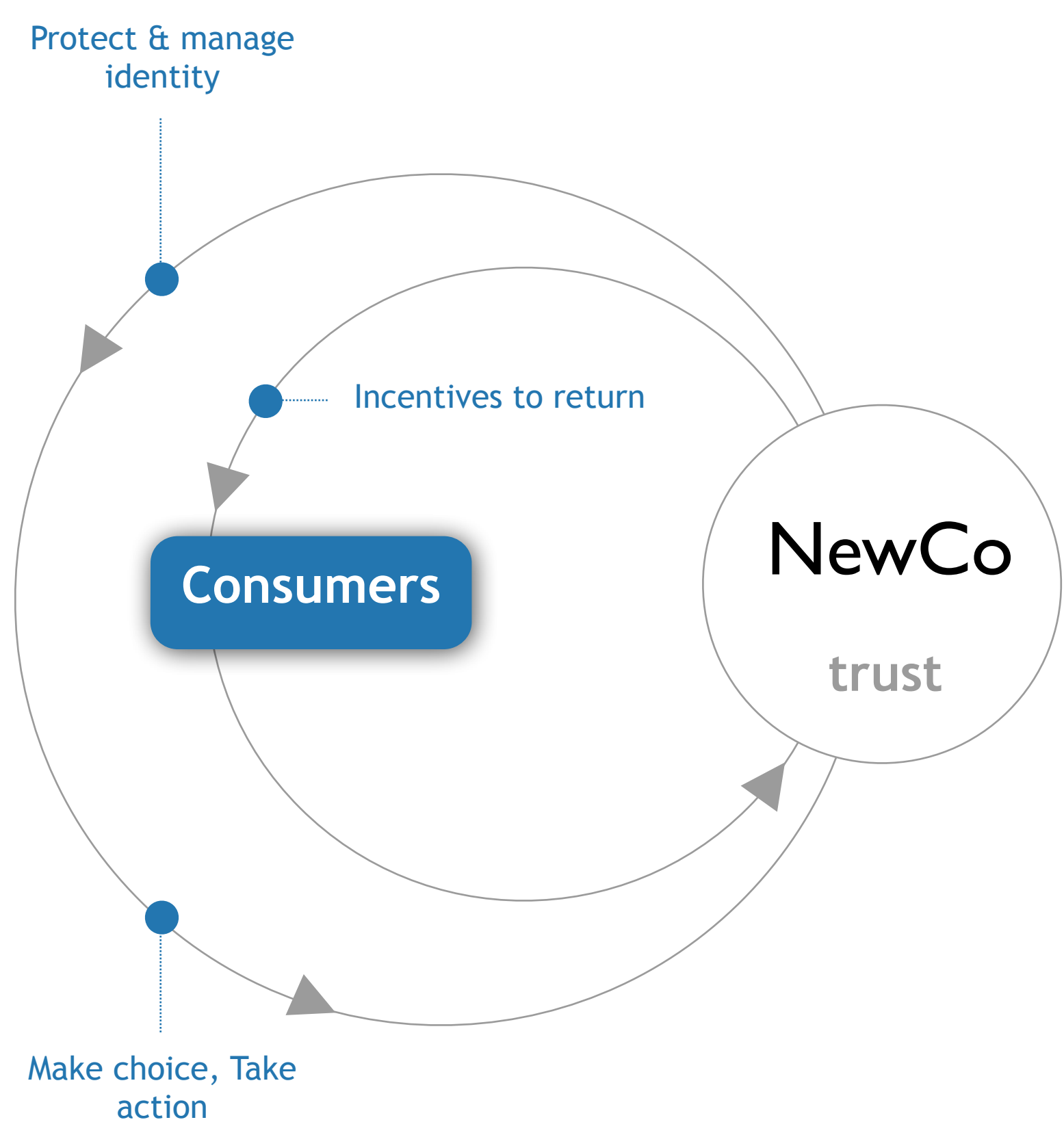


This slide was a build-out (see next slides for breakdown) - I led prospective investors through a story over 2 - 3 minutes, starting with the Consumer and building through to the Marketers, with NewCo in the middle - \$10 MM raise.

Example of
Slides 2 - 3 -
showing build
stages



go-to-market: consumers



go-to-market: consumers



Example of
Slides 2 - 3 -
showing build
stages

Access to consumers who want
their marketing

Example of
Slides 2 - 3 -
showing build
stages



go-to-market: marketers

Example of
Slides 2 - 3 -
showing build
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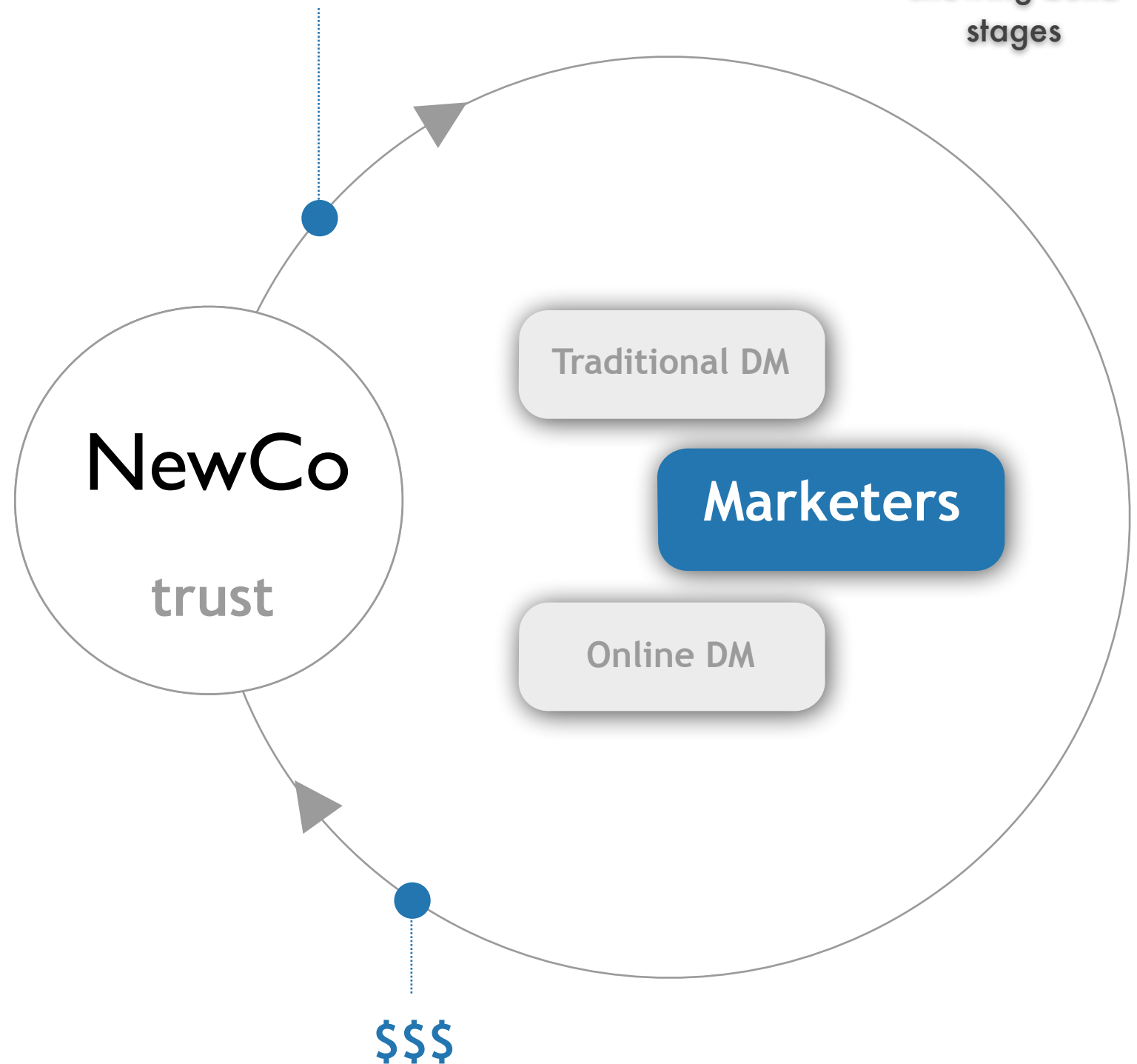
Traditional DM

- Consumer profiles
- Analytic models
- Claims

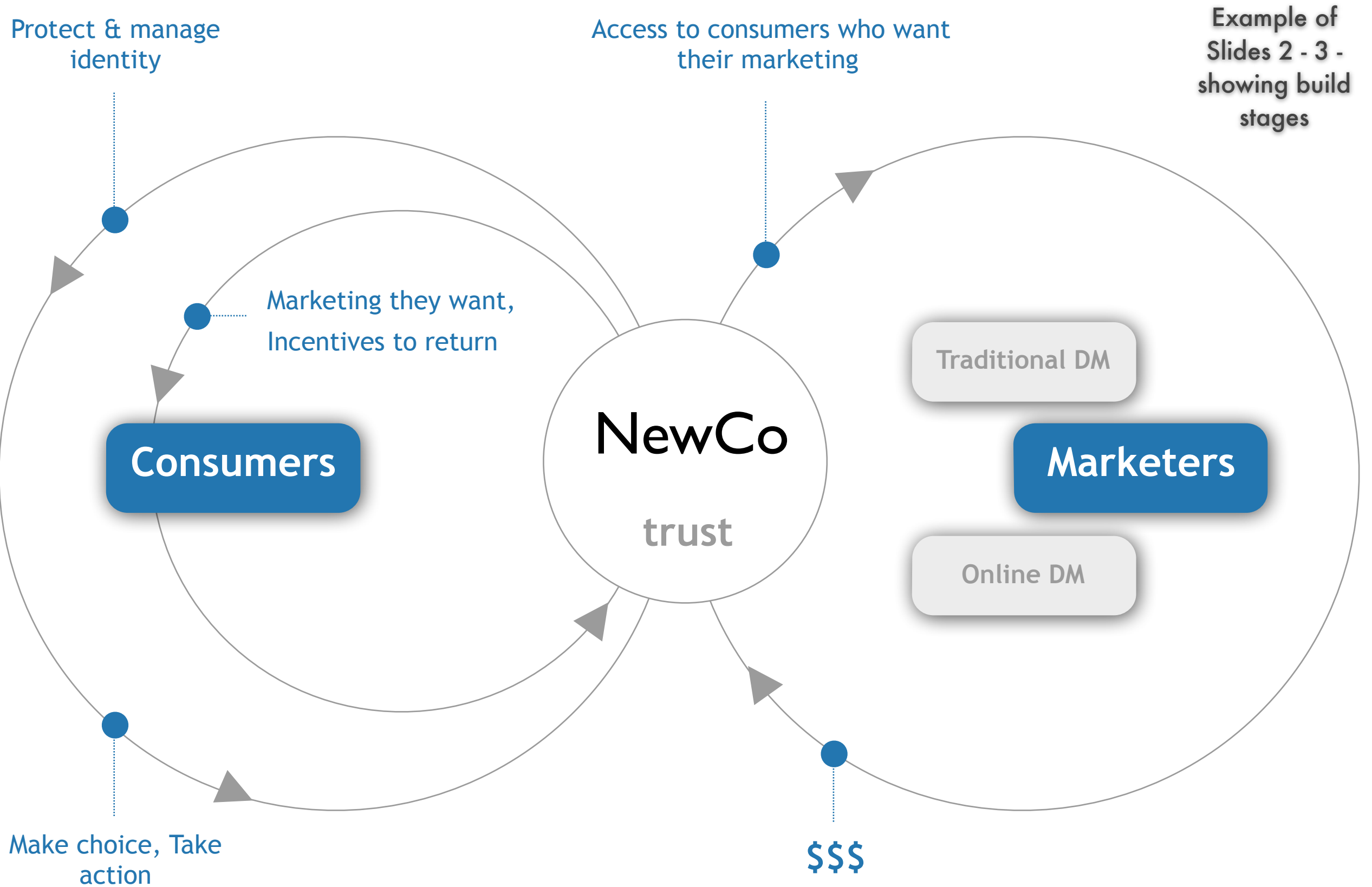
Online DM

- Branding
- Lead generation
- Enhanced targeting

Access to consumers who want
their marketing



go-to-market: marketers

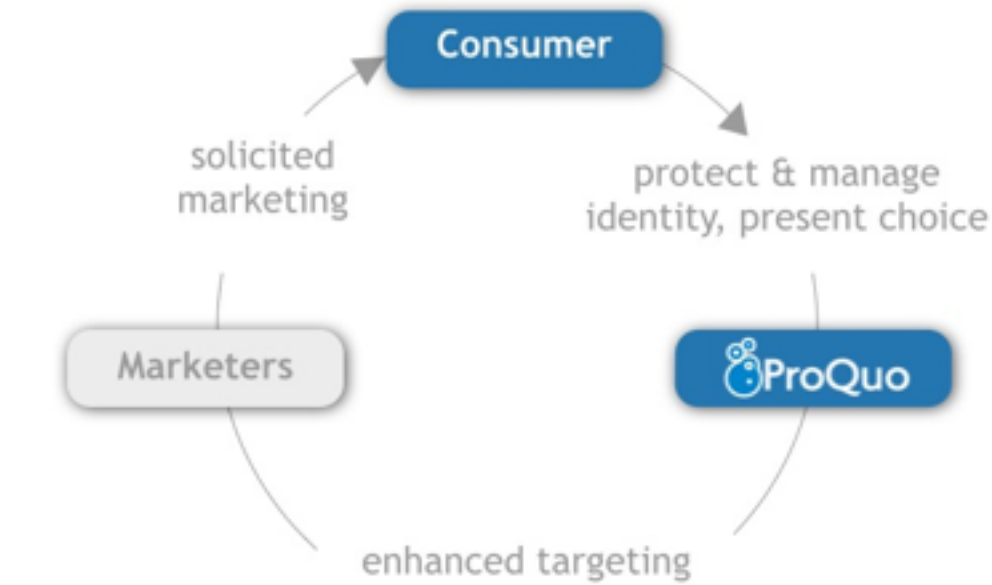


go-to-market: network revenue

Examples of Slides 2 - 3 Demos



solution: yesterday



solution: today



go-to-market: ProQuo



go-to-market: ProQuo

Market

- You get only one sentence for a **statistic** that provides general **evidence** of the **size of your addressable market** - **proof that it may be big**
- The vast majority of this should then be bottom up **Customer Development** leading to a powerful story about **Product/Market Fit**
 - Your **target market** and ***target market segment customers** - **actual humans you are engaged with to build with them as customers*** (Note: Start here and build up - don't narrow from the population of a continent)
 - Evidence of actual market traction with those customers** - **what are the human beings** that you are **working** and **developing** with doing and saying?
 - For those who must **acquire consumers** online - the very specific segment, your unique knowledge of **how to reach it**, and your **evidence of market penetration**, with **specific media and advertising** results to show that you have a path get to the market at required scale
- Early on, the most important thing to show is the passion that customers have for your product or service - even if the absolute number is small, it is meaningful if they love it.

Go to Market and Sell/Distribute

- If you have reached product/market fit, you have engaged your customers to know how they would like to buy your product or service, through which channels, and so you can tell the story of how you will sell and distribute.
- Tell us **how**, specifically do you **reach** your **target market** and **entry segment** and **sell**?
 - Operations are critical - you need to show mastery over the *details*
 - Just saying “word of mouth” and “social marketing” is wholly insufficient. You need to be able to define how specifically you will identify, reach, engage and convert
- Make sure you have a plan for how anyone **know** that your product/service/web site even **exist**?
 - How and why, if they know, will they **find** it, **buy** it, and how will you **get paid**?
 - What happens next** - do they ever buy again, do you go find another customer, service, refill, etc.
- You need to be able to be **very specific** here in **one or two slides** and to **discuss** and **defend** a credible plan to reach customers

Team

- Introduce your **team members** on a slide
- Talk through the *relevant* **experience** and **skills** of your team that support the **story** as to why they are the **right people** for the job - continue the **story**
- Identify the **holes**, and show the **advisors** who are **actually helping** you and the **plan** to fill them - focus on people who are helping over unengaged luminaries
- As we have discussed in class - the **quality** of the team should paramount ***to you as it will be to others*** - **don't even think about** doing a startup with a team that you are not ready to **go to war** with
- A great team will find a way to optimize outcome, all other things being equal

Secret Sauce

- Why this company - why you? Explain how and why you are **substantially** and **sustainably better** than or **different** from the next best alternative **for** the target **customer**
- This may be **anything** - a technology, a process, an invention, new niche, application, location, convenience, innovation, new opportunity enabled, experienced people, market timing, expertise, ability to “live in the future” - **anything so long as it leads to something that delights the customer**
- It **supports and enables** the **business model** by creating **value, momentum**, and/or **protection** to help the business be **successful**

Business Model

- How will you **generate gross margin at some time in the future?**
 - Many businesses plan to lose money for periods as part of their business strategy - that is in large part why they raise outside capital - the business model reflects an achievable goal to build towards.
- A business model shows exactly how you generate gross margin - make it simple and clear - the drivers are strategic



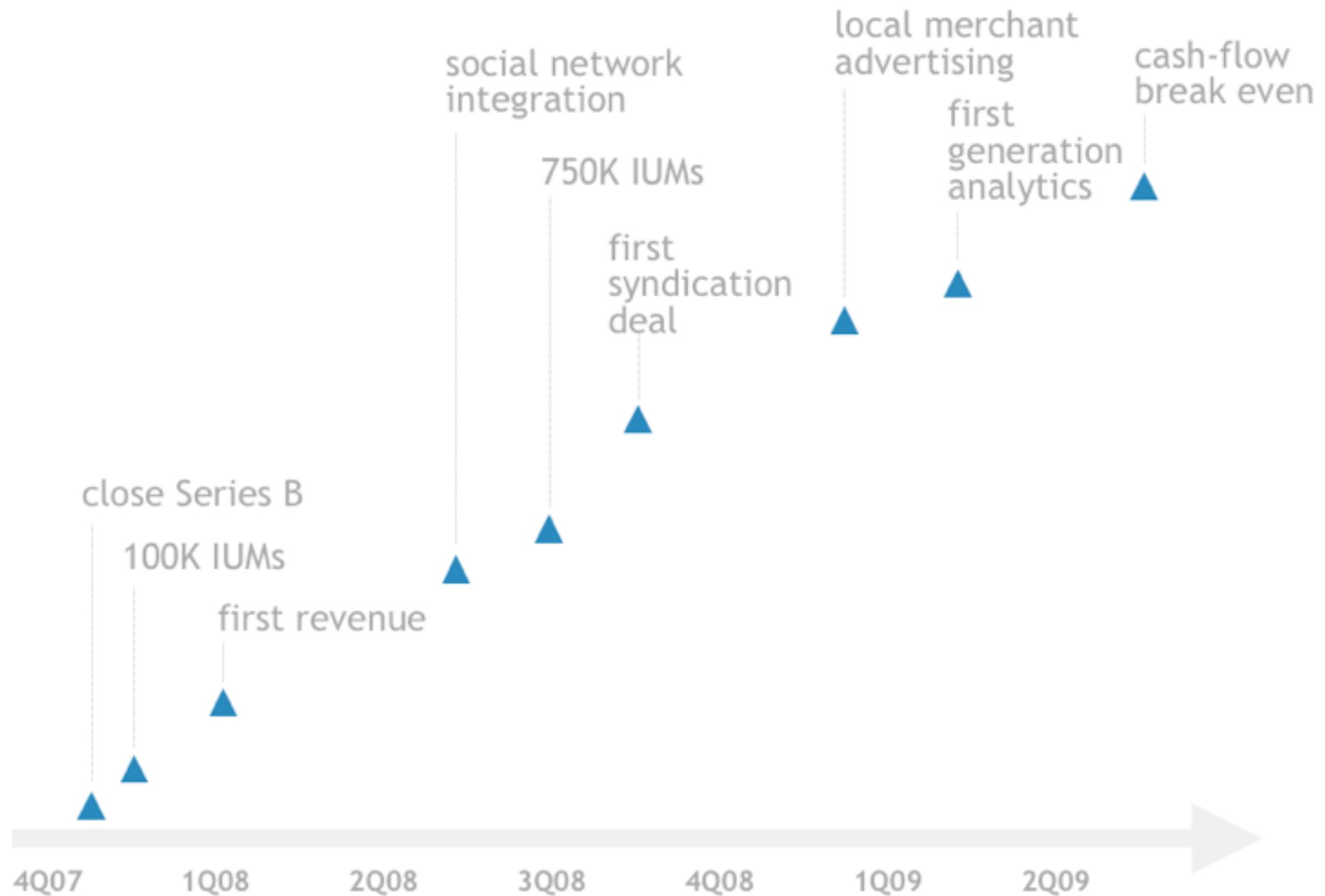
Key Drivers:

- Uniques
- Conversion Rate
- Average Spend
- Gross Margin
- Acquisition Cost

The drivers are the key

<u>Commerce</u>		
Uniques		4,000,000
Conversion Rate		10%
Monthly Buyers		400,000
Average Spend	\$	50.00
Total Revenue	\$	20,000,000
Gross Margin (%)		50%
Gross Margin (\$)	\$	10,000,000
Marketing (%)		30%
Marketing (\$)	\$	3,000,000
Gross Margin Net Marketing	\$	7,000,000

Milestones



Financials

	2007	2008	2009	2010
Users	.1M	2.5M	6M	12M
Revenue	\$0.0M	\$7.5M	\$72M	\$300M
EBITDA	(\$3.6M)	(\$8.8M)	\$39.1M	\$130.0M
Headcount	25	43	105	302
Cash	\$10.2M	\$1.4M	\$40.6M	\$170.6M

Questions and Discussion

Stop. Listen. Take notes with a pen in the notebook you have been taking notes in since you got there. Answer questions you know the answer to (see next slide), and take note of those you can't answer, promise to follow up on them, and do so quickly.

Appendix Slides

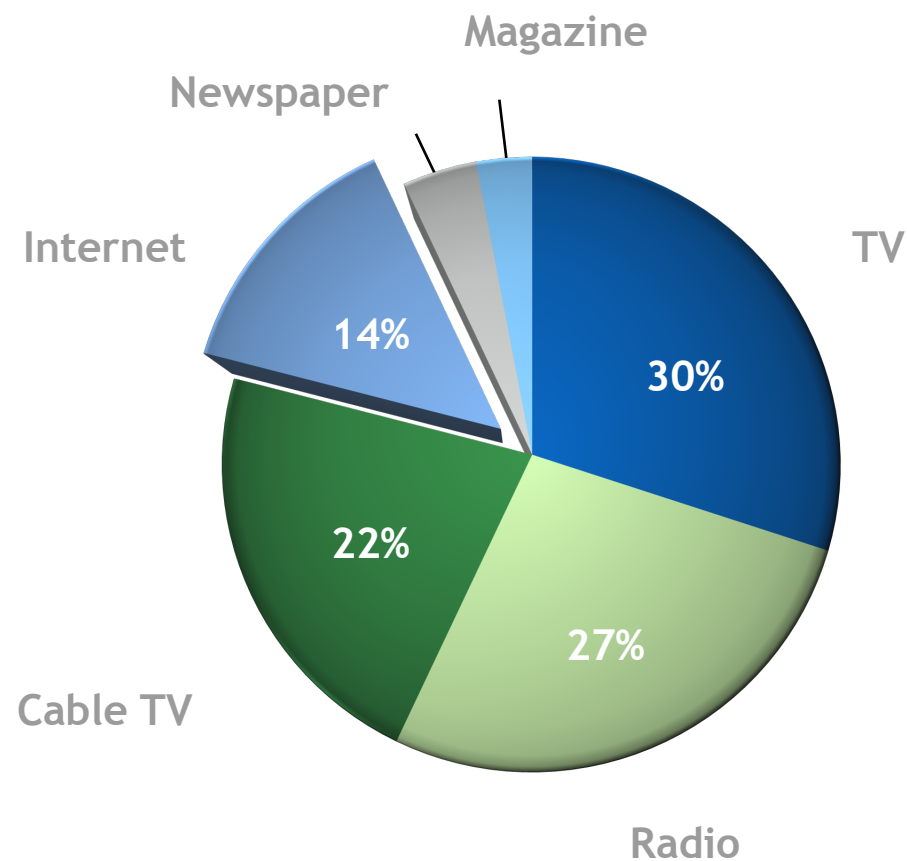
- Each **appendix slide** is built to answer a **specific question** that you have fielded in the past when you have given the presentation - you should jump to the slide with the answer when the question is asked.
- You **learn** what these questions are by **presenting** and getting questions from mentors and advisors - and dozens of others - **before you go live** with the presentation, as well as after.
- This discipline helps you demonstrate the both completeness and thoroughness of your command of the business - and at the same time the respect that you have for people's time in not including too much in the core pitch.

Competitive Dynamics

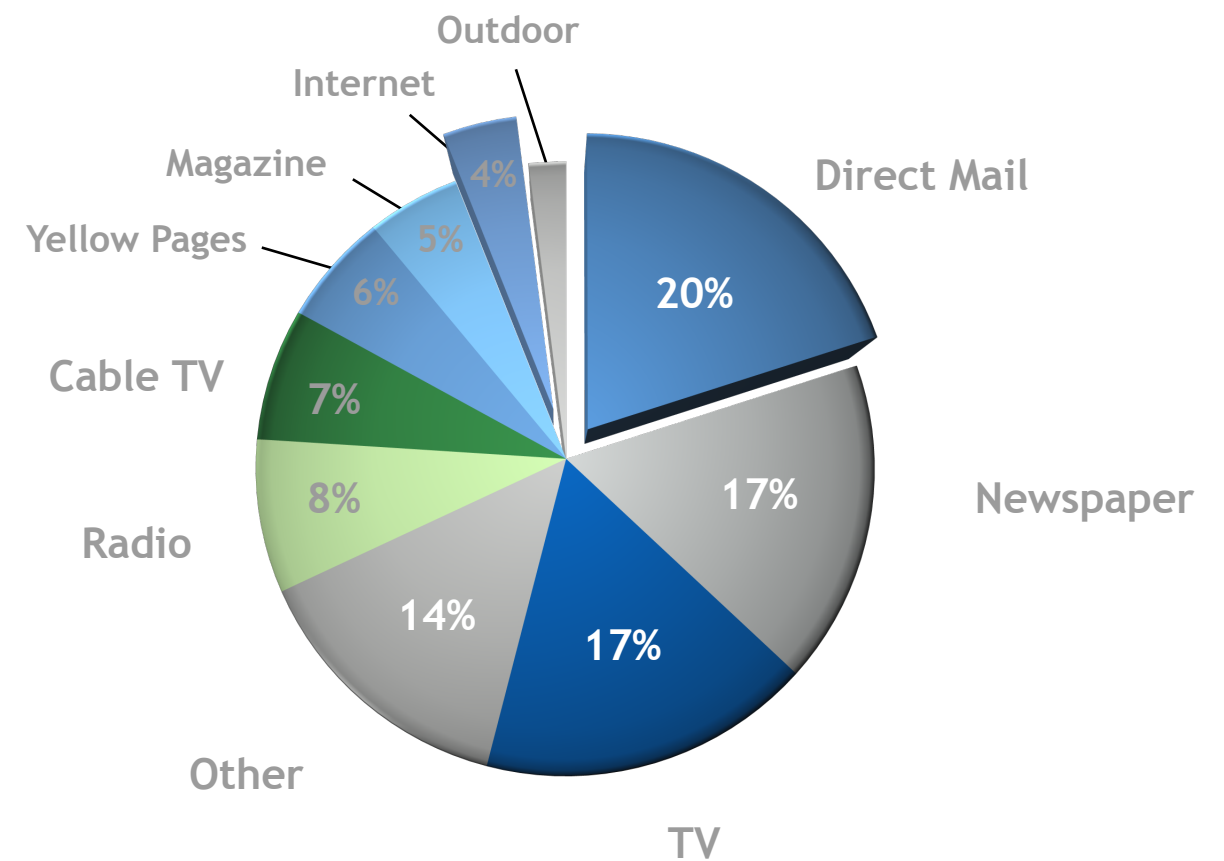


go-to-market: landscape

Media Consumption Time Distribution



U.S. Advertising Revenue Distribution by Media



Source: SRI-Knowledge Networks and Universal McCann, 2005.

market: size