

Silicon Valley Legend Creates Pitch Deck Template For Entrepreneurs

by Alejandro Cremades



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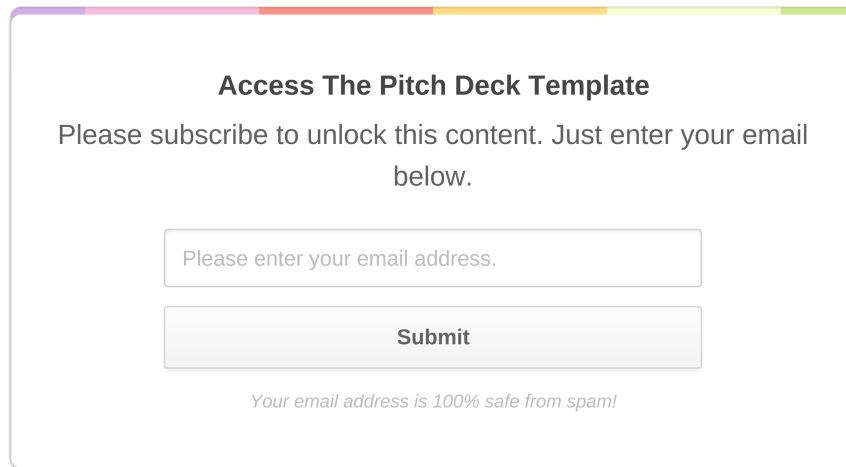
Peter Thiel co-founded Paypal with Elon Musk and Max Levchin in 1998. They sold this company to eBay in a deal worth over \$1B. He then founded several other ventures such as Palantir which has been included in the unicorn club (companies with over \$1B in valuation).

In addition, Thiel is also very active on the other side of the table as he serves as president of Clarium Capital, a global macro hedge fund with \$700 million in assets under management; a managing partner in Founders Fund, a venture capital fund with \$2 billion in assets under management; co-founder and investment committee chair of Mithril Capital Management; and co-founder and chairman of Valar Ventures

However, when it comes to investing in startups his most popular investment to date was the angel investment he made into Facebook. His initial investment of \$500K was worth over \$1B upon the company going public in 2012. Without a doubt a very nice return as an early stage investor. However, if he would have waited a bit longer to unload his stock that investment could have been worth much more. At the moment in which Thiel sold his shares, Facebook was worth \$100B. Nowadays the current value of Facebook is \$342B.

Some of Thiel's other portfolio investments in early-stage companies include Booktrack, Slide, LinkedIn, Friendster, Rapleaf, Geni.com, Yammer, Yelp Inc., Powerset, Practice Fusion, MetaMed, Vator, IronPort, Votizen, Asana, Big Think, Caplinked, Quora, Ryppe, TransferWise, Nanotronics Imaging, Stripe, and Legendary Entertainment.

Thiel wrote the template example below of a pitch deck on a hardware device for founders to learn from. It was written in 2012, but surprisingly I haven't seen anyone share it before. I find the template very interesting but perhaps a bit short. If you want a more robust pitch deck template you can use for free the one I created below which has been used already by thousands of entrepreneurs to raise millions.



Access The Pitch Deck Template

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Furthermore, I cover pitch decks extensively on Inner Circle, which is the ultimate fundraising training for entrepreneurs ([learn more here](#)). In essence, a killer pitch deck should include the following slides:

1. Problem
2. Solution
3. Market Size
4. Product
5. Traction
6. Team
7. Competition
8. Financials
9. Amount being raised

With that being said, let's go ahead and take a look at the pitch deck template from Peter Thiel.

THE COVER

The quotes from media outlets are very interesting. They give trust and add social proof to your venture. For any investor reviewing your slides, this will give instant credibility. On average, an investor will take around 2 minutes and 30 seconds to review a pitch deck. By having credible sources you will most likely increase the attention and investment of time on your materials.

SOMA - A Revolution In Weight Loss

"Quite possibly the solution to the weight epidemic. I have my order in."
Dr. Harold Varmus, Nobel Laureate, Former Head NIH

"The single most effective tool for weight loss available without surgical or drug intervention."
CNET

"The most effective scale I have ever seen."
Larry King


FOUNDERS FUND
 Prepared For X Capital, April 2012

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PROBLEM AND SOLUTION

Normally I would recommend startups to create different slides for the problem and the solution as you don't want to overwhelm the investor in one slide. However, I find Thiel did a great job at summarizing all the information in one single place.

What I really like about this approach is that on the second slide of this pitch deck the investor knows right away what the company is all about and the problem is trying to solve.

01 - The Scale-o-Mata

The Scale-o-Mata (SOMA) breaks the main barrier to weight loss by encouraging overweight people to actually weight themselves, frequently.

Our claim has been proved in small-scale clinical studies and has support in the general literature.

Problem: Overweight people – 66.7% of the US population (NIH)¹ - refuse to step on a scale because their actual weight is too depressing, making it impossible to conceive of how they might lose 20-40 pounds (the average an overweight US person seeks to shed). However, voluntary weight loss without the feedback of a scale is essentially impossible.

Solution: SOMA indexes starting weight to zero and simply records minor upward or downward movements on a daily basis. Daily use of SOMA vs. regular scales is 87% vs. 14%².

SOMA is the first product; our company will manufacture a series of synergetic devices over time. The scale represents the fastest-uptake product in the suite. Our aim is to improve human health by providing constant, useful, and non-threatening information.

1. www.nih.gov/healthinfo/statistics/overweight.htm
2. Internal SOMA study, 42 participants, p=0.04. Data available in our database: SOMADATASOURCE.COM/SOMA

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THE TEAM

The team is probably one of the most important slides in any pitch deck. The investor wants to know who is driving the bus and what makes them so unique to execute on that mission and vision. Note there are at least 100 other people that have also thought about your same idea. For that reason, the idea is 10% and 90% is execution.

If you have the right people seated on the right seats of the bus the company will end up finding its direction to success.

With this in mind, I can appreciate why Thiel highlighted the exits of each one of the founders. Unfortunately, when you are investing in a first-time founder you are also investing in that individual's education and all the mistakes he or she will make during the early days. This is always part of the journey and there is no way to go around it.

Having the founder experience and domain expertise helps in reducing the risk from an investment and that is something you absolutely need to include on the slide just like Peter Thiel did.


02 - The SOMA Team

Our team has worked together for three years on three start-ups that have achieved profitable exits for our investors, in spaces directly relevant to SOMA. Our experience is directly relevant to the consumer bio-device space and we have personally committed our own capital (7% of net capital) to the company.

Company	Product	Exit	Return	Relevance	Team Involved
Martini Master	Self-Mixing/Powdered Martini	Sold to HeUBLE for \$140 million (2009)	Seed: 80x A: 14x B: 3x	Consumer	Pic 1, Pic 2, Pic 3
WCarder Industries	Blood pressure cuff for the iPhone	Sold to J&J for \$40 million (2011)	Seed: 24x A: 3x	Medical Device	Pic 2, Pic 3
R-Tip	Self-powered Q-Tip	Sold to J&J for \$100 million (in escrow)	Seed: 90x A: 20x B: 4x	Medical Device	Pic 1, Pic 3


Senior Team:

Joe Biddis - Chief Executive Officer




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Michael Smith - Chief Product Officer



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Cliff Knuckles - Head of Marketing



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Other Team:

Current: 18 total: 3 founders; 6 engineers; 2 product designers; 2 admins; 3 sales; 1 PR; 1 intern. All full-time employees have bachelors or above from a top 20 school. FY 2012 Goal: 27 - adding 6 engineers; 3 sales (two engineering offers out, 15 people in pipeline)

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THE PRODUCT

I like the way unit economics are displayed and the stage in which things are at. This reminds me as well that you should definitely include a slide covering traction. Either on this slide or on a separate one. Investors want to know what kind of acceptance your venture has received from the market and if you are ready to scale the business with the capital you are looking to raise.

Many founders make the mistake with raising capital to just to start the company. This ultimately results in taking unnecessary dilution right out of the gate. You want to raise financing to speed up the machine and not to build it.

03 - The Product

The first time a user steps on a SOMA, it displays "0". Each time a user steps on after that, the difference between current weight and last weight is displayed. Users may also display weights versus first use and can also download data to their mobile device.



Unit Economics

Component	Cost	Supplier	Design Status
Display	\$1.40	Pearl River Mfg.	Complete
Casing	\$0.87	Ralph Plastics	Complete
Processor	\$1.53	US Semi	Complete
Assembly	\$1.20	Foxconn	Tooling complete, ready to go

SG&A (est)	COGS	Price Point	Gross Profit
\$5.00	\$9.00	\$60.00	\$51.00

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THE MARKET

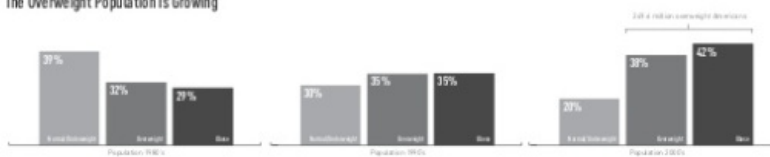
The market is going to determine the potential exit of the investor. If you are operating in a small market also the returns could be impacted by this. I like how Thiel walks the person that is reading this slide through the growth that such a market is experiencing over time.

Including sources from research papers and nice good looking graphs that are increasing over time is a plus on this section.

04 - The Market – Large And Growing Potential User Base

An ever growing number of Americans are mildly to severely overweight, with 98% of the overweight community carrying excess weight due to purely volitional factors (lack of exercise, overeating). A survey of five peer-reviewed studies shows that routine weight measurement is the single most important variable in reducing weight.¹

The Overweight Population Is Growing



Factor	Explanatory Effect
Use of scale	.72
Use of food/exercise log	.14
Social Shaming	.03
Other	.11

1. Di Fella G, et al. The New England Journal of Medicine, April 1, 2010, pp. 20-33

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OPPORTUNITY AND COMPETITION

In my opinion, this slide could be repetitive keeping in mind the information of the previous slide. This information could have been summarized and added to the previous slide. I prefer to have this slide showcasing all the competitors in a diagram where you set yourself apart from all the other companies clearly outlining what makes you unique.

05 - The Market – Opportunity And Competition

Market: The US market for scales is \$1.2 billion annually, with an average price per electronic scale of \$46. No scale offers SOMA's patented relative-weight measurement system.

Competition: Most scales are produced by commodity manufacturers in China and remarketed by US distributors; the higher-end scale market is dominated by Japanese firms with high price points with large but generally useless feature sets.

Our plan: More than 78% of all scales are used less than ten times.¹ A study by the tt Clinic shows that "fear of having a bad reading" accounts for virtually all failure to use scales regularly.² While it is possible to have a bad day on SOMA, relative changes day-to-day minimize the psychological fallout and improve compliance – and it is also equally easy (and important) to have good days. Our own study in our office of 42 individuals confirms.

Competitive Product	Features Not Present in SOMA	Price Point
Commodity Scales	None	\$46 (average); low of \$14, high of \$65
High End Scales (Tan-ichi)	Vocal feedback	\$120; low of \$40, high of \$270 (includes data sync w/ mobile)

1. The Journal of Weight Loss, Vol. 48 pp. 1-32 (1997).
2. www.ttclinic.com/weight

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BARRIERS TO ENTRY

I find Thiel did a phenomenal job with this slide. One of the main concerns of investors is the competitive advantage that your company has over the other players in your space. What makes you unique? How will you be able to outperform your competitors? This could be done either by distribution channels, partnerships, or intellectual property. Make sure you include this information on your pitch deck in a very clear way.

06 - Barriers To Entry & Exit / Sales Plan

We have three main barriers to entry: IP, endorsements/distribution, and network effects. Our network effects derive from the ability to selectively push Facebook and other notifications regarding successful weight loss automatically and to form clubs where (legal) pooled bets are possible (i.e., most successful dieter wins a pot).

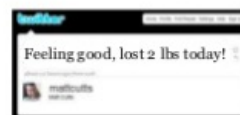
IP	Patents (US)	Status	Claim
	12342302490	ISSUED (2010)	Display differential weight loss
	12090990323	ISSUED (2012)	Push FB notifications from biometric device
	TBD	PENDING (Filed 2011)	Deliver electric shock for net gain

Endorsements & Distribution	Channel	Status
	The Biggest Loser (TV Show)	Scale of choice for Season 7; two year option
	Duane Reed	Front of store placement guarantee for three years
	Walmart, Sam's Club, GNC	Negotiations for distribution underway

Barriers To Exit/Network Effects

- Integrated with Facebook and Twitter
- Social aspect improves overall weight compliance through peer pressure, improving perceived utility of the scale by the user
- Users cannot switch to a newscale without confronting their actual weight

Sales Plan: In addition to product placement and traditional channels like Duane Reed, we will aggressively promote the product via infomercials, celebrity endorsements, and traditional PR. We are about to hire an executive from Bed Bath & Beyond, one of the three largest sellers of scales, who will lead our channel sales. We are also conducting a large scale study to confirm efficacy and will publish the data in major scientific papers to convince doctors to recommend this to their patients (Dad-B was very successful with this in its electric toothbrush line). The study will be complete in June.



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FUNDING HISTORY

Just like Thiel does on this slide, investors want to know who else is part of your company. I find investors like to follow others. In the event you have high profile investors that have invested in your company, ask them for permission to include them or their logo in this slide. This will definitely help with increasing the trust with prospects.

Moreover, it is great to see on this slide the use of proceeds. Why are you raising the capital

and what you intend to do with it? This will be the type of questions that you will be getting during the fundraising process. Perhaps saying what you have accomplished with the past rounds of financing will provide an idea of what your team is capable of.

07 - Funding History & Use of Proceeds

Proceeds from the Series B will be used to fund initial manufacturing and distribution of 400,000 units (2% of the market for one year), at a cost of approximately \$4 million. (See financial appendix for assumptions.) The remainder will be used for operating costs, marketing, expanded hiring and research and development (product extensions, including portable mat device for traveling).

We are looking for a lead to take at least 25% of the round and for other new investors to fill out the remaining 25%, with existing investors taking the remainder.

Our ideal investor is: (1) passionate about personal health; (2) will support us in growing this to a \$1 billion business; (3) has synergistic businesses in the portfolio; (4) will help us meet our summer deadline (set by existing investors) for closing this round.

Stage	Investors	Amount	Valuation (pre-)
Seed	Self-funded	\$200,000 (convertible)	N/A
A	Self, Founders Fund	\$3,000,000	\$10,000,000
B (proposed)	Self, Founders Fund (has committed to minimum of pro rata up to \$100 million valuation), TBD	\$10,000,000	TBD

Current Cash On Hand	Runway (Low Spend)	Runway (Medium Spend)	Runway (High Spend, Aggressive Hiring)
\$1,200,000	6 months	5 months	3.5 months

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FUTURE PROSPECTS & VISION

Some people like to see this at the beginning. I am not sure why it was included at the end of the pitch deck but the vision of the company is critical. Without a proper vision and having the team aligned around it there is no way you will find success with your venture.

08 - Future Prospects & Vision - our product becomes a company

Our goal is to revolutionize personal health by creating a range of products that make people accountable to themselves, in a fun, non-threatening way. Our first product suite will be scales, as this a simple, unregulated diagnostic market with very large profit potential. We believe our scales, coupled with our social networking initiatives, will lead naturally to other biometric devices for other conditions, starting with those most closely associated with weight (our scale will be the entry device):

- Diabetes – affects 8.2% of US population. We believe that blood sugar can be analyzed without the need for penetrating the skin, increasing compliance.
- Mobile food assessor (analyzes color and reflective properties of food to determine if it is health, unhealthy or neutral) – making it easier for people to make clear, healthy eating choices
- Sleeplessness – a sleep alarm for the iPhone that emits sounds that induce alpha waves, lulling people into sleep (an anti-alarm) – people who sleep more eat less
- Exercise calculator – our products will network and display how much exercise you require during the day, ensuring that people work out exactly as much as needed

Our goal is to become the largest provider of biometric feedback equipment in the US, starting with SOMA.

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CONTACT

I very much like the access details to the data room that Thiel provides on this slide. Entrepreneurs need to anticipate future steps and potential questions.

I find that providing the data room details upfront helps in accelerating the process of getting

funded as it takes out the back and forth with document requests and other types of information required to make a decision on the investor end. You can use Dropbox or Google Drive for this.

If you are interested in knowing what to include inside the data room and how to organize folders I dedicate chapter 5 of my book to this (feel free to buy on Amazon [here](#)).



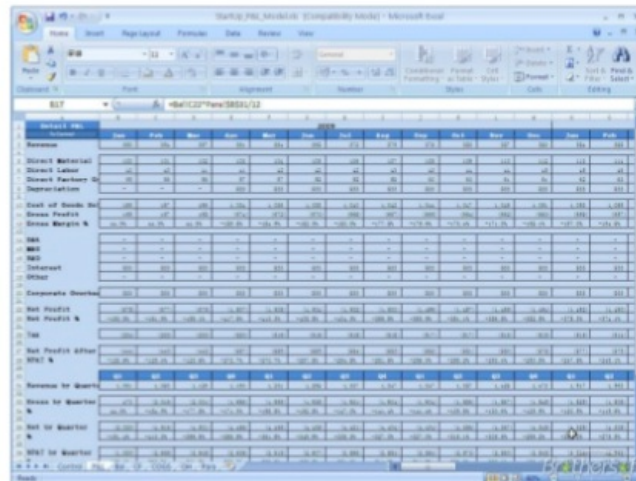
FINANCIAL MODEL

This is the slide investors spend the most amount of time on. I would perhaps include this slide before the ask or the amount of funding you are seeking. Docsend conducted a study on over 200 pitch decks and found that 23% of the reviewing time on a pitch deck will be allocated to this specific slide.

Financial projections are a shot in the dark when you are a startup. No one knows where you will be in 3 to 5 years from today. However, this slide serves as a roadmap and gives a good idea to the investor on where things are headed. It also shows how grounded you and your management team are. In the event you are not a financial guy, I would highly recommend that you have an expert taking a look at your financials before you send them out to investors.

The financials that you would need to include in the pitch deck are just a screenshot. Thiel included a ton of information. I would just include a simple overview and then the rest as appendix just like Square did on its pitch deck.

10 - Financial Model and Assumptions



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Conclusion

I would use a version of this only for emails to investors tho. The reason for this is mainly due to the fact there is a lot of text to digest. If you were to be presenting in front of investors you want them to connect with you during the presentation.

With that being said, I would create another version for your pitch deck with less text and more visuals in the event you need to present in front of investors.

Moreover, I would have added two more slides to this pitch deck covering traction and the amount being raised. I also don't think it is a good idea to disclose your runway on the slides as you never know who will have access to this type of information. Have this type of discussions in an intimate setting once you trust that investor.

To conclude this post, I find it would be very helpful for others if you could share on the comment section below what has worked for you during fundraising. Perhaps there is some information or slides that you suggest to add or to take out from the pitch deck presented in this post.

Look forward to hearing your thoughts and don't forget to check out my free template below!

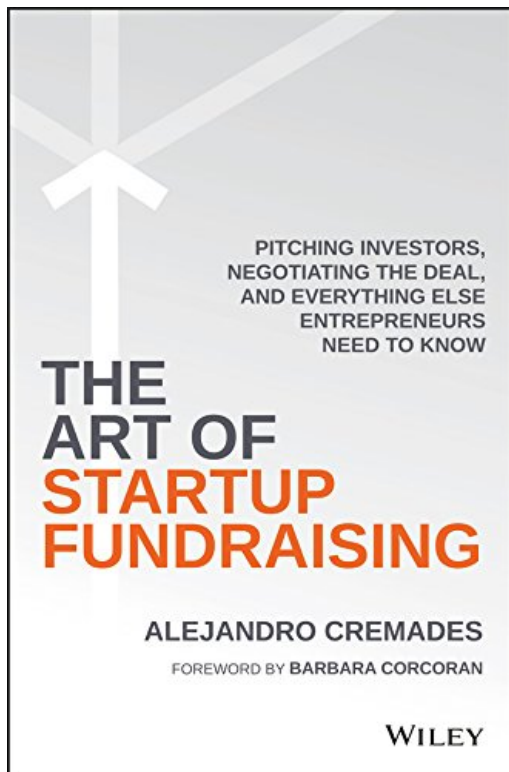
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Alejandro Cremades leads the vision and execution for Panthera Advisors as its Co-Founder and...

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