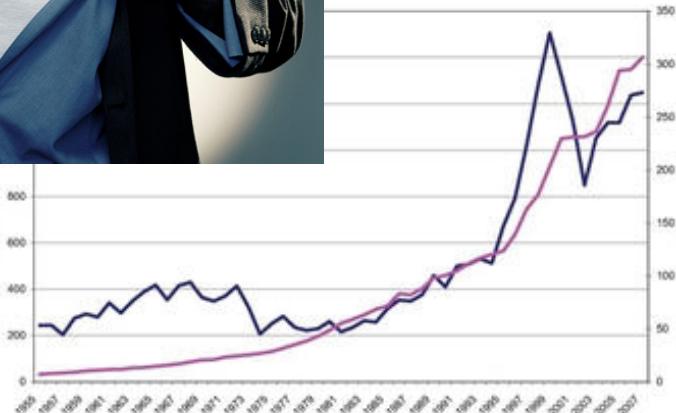


How to Pitch a VC

(or Angel Investor)



Dave McClure

Founding Partner & Sith Lord, [500 Startups](#)

Columbus Startup Weekend, June 2012

@DaveMcClure

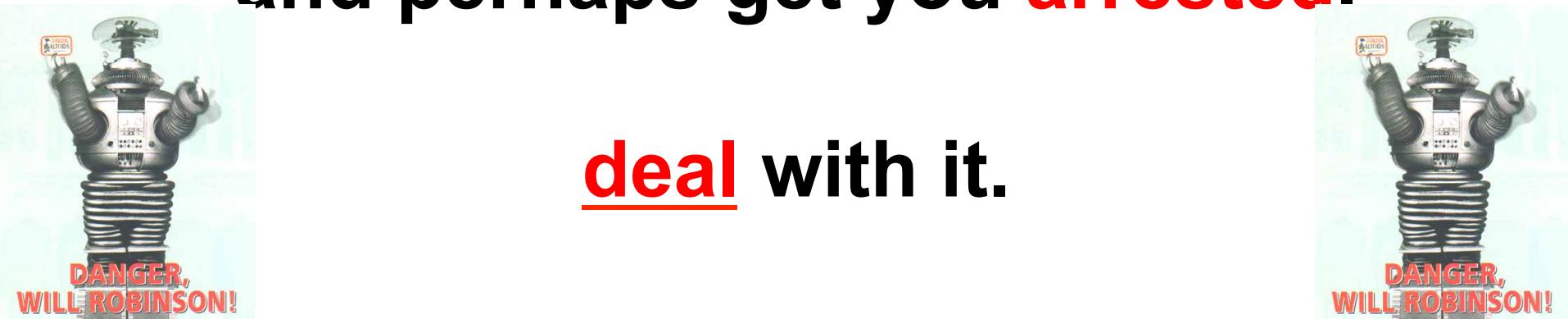




WARNING:

this deck is guaranteed to **offend**,
provide **tragically incorrect** advice,
and perhaps get you **arrested**.

deal with it.



Essential Elements of your *Pitch*

- **Elevator Ride** (30-sec quick pitch)
- **The Money Shot** (demo)
- **Size Matters** (market)
- **Nice Number\$** (customers + revenue)
- **SuperHeroes & RockStars** (your team)



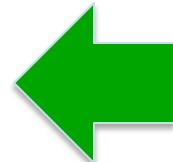
* note: the above are teaser images... they don't really mean anything; they're just here to capture your attention.

Pitch **MY PROBLEM** *(not YOUR SOLUTION)*

Post: "Your Solution
is Not My Problem"

YOUR SOLUTION

MY PROBLEM



[Pardon The Blatant Commercial]



Dave McClure

Founding Partner, 500 Startups



FOUNDERS FUND



slideshare



WILDFIRE

00's & 10's:

- **Investor:** Founders Fund, Facebook fbFund, 500 Startups
- **Companies:** Mint.com, SlideShare, Twilio, WildFire, SendGrid
- **Marketing:** PayPal, Simply Hired, Mint.com, O'Reilly Media
- **Speaker:** Lean Startup, Web 2.0, Stanford/Facebook

80's & 90's:

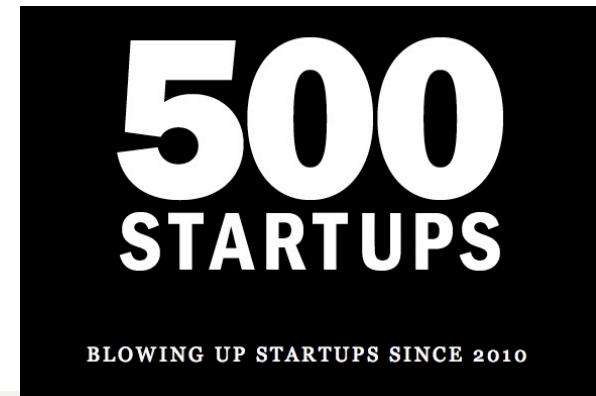
- **Entrepreneur:** Founder/CEO Aslan Computing (acq'd)
- **Developer:** Windows / SQL DB consultant (Intel, MSFT)
- **Engineer:** Johns Hopkins '88, BS Eng / Applied Math



500 Startups Seed Fund

Mountain View, CA – Founded 2010

- Seed Fund & Startup Accelerator
 - 10,000 sq ft / Silicon Valley HQ
- **Design, Distribution, Data**
- 325+ Portfolio Companies
 - Twilio
 - Wildfire
 - SendGrid
 - TaskRabbit
 - MakerBot
 - Smule
 - 9GAG ☺



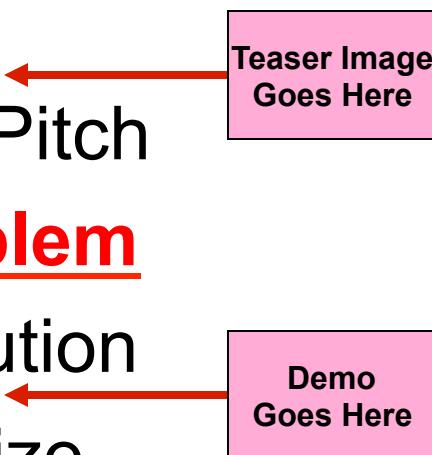
[How to Pitch a VC (or Angel)]

10 Slides to an Awesome Pitch

-
- 1. Elevator Pitch
 - 2. The **Problem**
 - 3. Your Solution
 - 4. Market Size
 - 5. Business Model (\$)
 - 6. Proprietary Tech
 - 7. Competition
 - 8. Marketing Plan
 - 9. Team / Hires
 - 10. Money / Milestones

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The Money Shot:
Demo
Screen Shots
Video



Business Metrics
(NOT Revenue Projections)

AARRR!



"This Shit Rocks."

1. The Elevator Pitch (only 30 sec!)

- Short, Simple, Memorable:
 - “**What, How, Why.**”
- 3 key words or phrases
 - “**Mint.com** is the **free, easy** way to manage your **money** online.”
- No expert jargon... just **KISS.**

Remember to Have Fun ☺

(....when you pitch ----->)



2. The Problem

- What is The Problem? ... Make it Obvious.
 - “Ouch. Yeah, I have that too...”
- Who has it?
- “Painkiller not Vitamin”
- also see blog post:
“Your SOLUTION is not my PROBLEM”



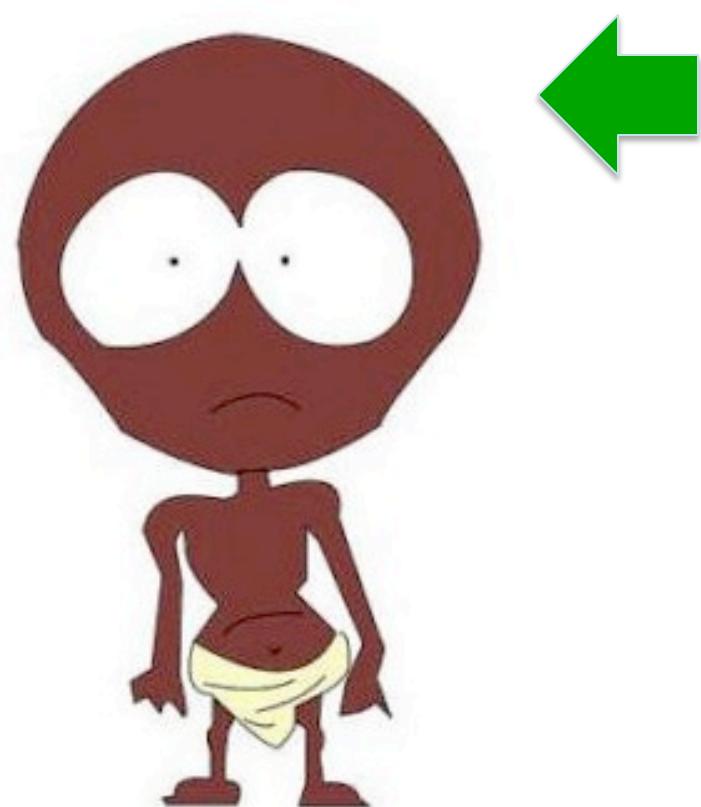
Pitch **MY PROBLEM** *(not YOUR SOLUTION)*

[Post: “Your Solution
is Not My Problem”](#)

YOUR SOLUTION



MY PROBLEM



3. Your Solution

- Great Products & Companies do 1+ of 3 things:
 - Get You **LAID** (= sex)
 - Get You **PAID** (= money)
 - Get You **MADE** (= power)



3. Your Solution

- Great Companies do 1+ of 3 things:
 - Get you **LAID** (= sex)
 - Get you **PAID** (= money)
 - Get you **MADE** (= power)
- Describe why your Solution:
 - Makes your customers **Happy** 
 - Does it **better, different** than anyone else
 - “NICHE to WIN”

(Customer Case Study can also go here)



[The Money Shot]

Demo
Screen Shots
Video



- <http://Jing.com>
- <http://ScreenCast.com>
- <http://Flickr.com>
- <http://YouTube.com>
- <http://Scribd.com>
- <http://SlideShare.com>

- **PRACTICE! PRACTICE! PRACTICE!**
- demo will **FAIL --** have a **backup** (screenshots, local video, interpretive dance)
- expect to be interrupted

[The Money Shot]

Demo
Screen Shots
Video



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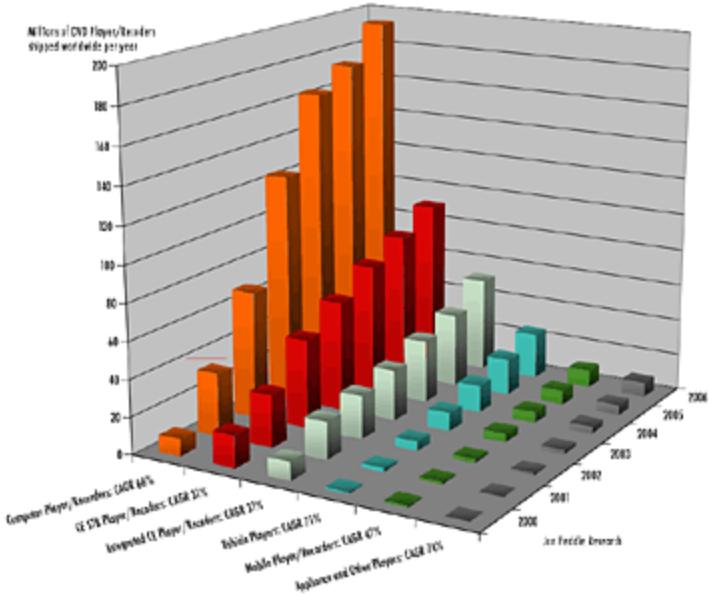
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and remember:

- **The Script is NOT your Slides – The Script is the FACE of your Audience**

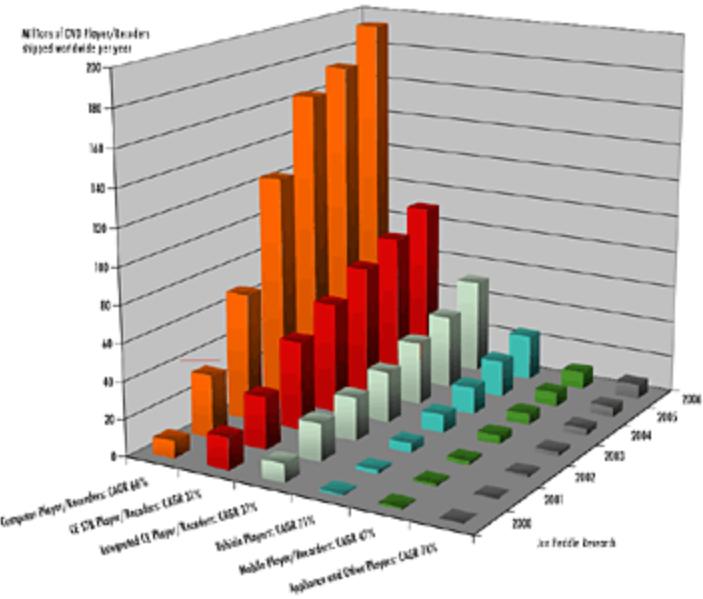
4. Market Size

- **Bigger** is **Better**
- **Top Down** = someone else reported it
 - *Forrester, Gartner, Your Uncle*



4. Market Size

- **Bigger** is ***Better***
- **Top Down** = someone else reported it
 - *Forrester, Gartner, Your Uncle*
- **Bottom Up** = calculate users/usage/rev\$/
 - Avg Txn = \$X
 - Y customers in our market
 - Avg customer buys Z times per year
 - Market Size = $\$X * Y * Z$ annually = a big friggin' #
 - Market growing @ 100+% per year



5. Business Model

(How Do You Make Money?)

- Describe Top 1-3 Sources of Revenue
 - Prioritize by Size or Potential
- Common Revenue Models:
 - **Direct:** ecommerce, subscription, digital goods
 - **Indirect:** advertising, lead gen, affiliate



6. Proprietary Technology / Expertise

- VCs *really* like unfair advantages:
 - **BIG** market lead
 - experienced team
 - “superior” technology



7. Competition

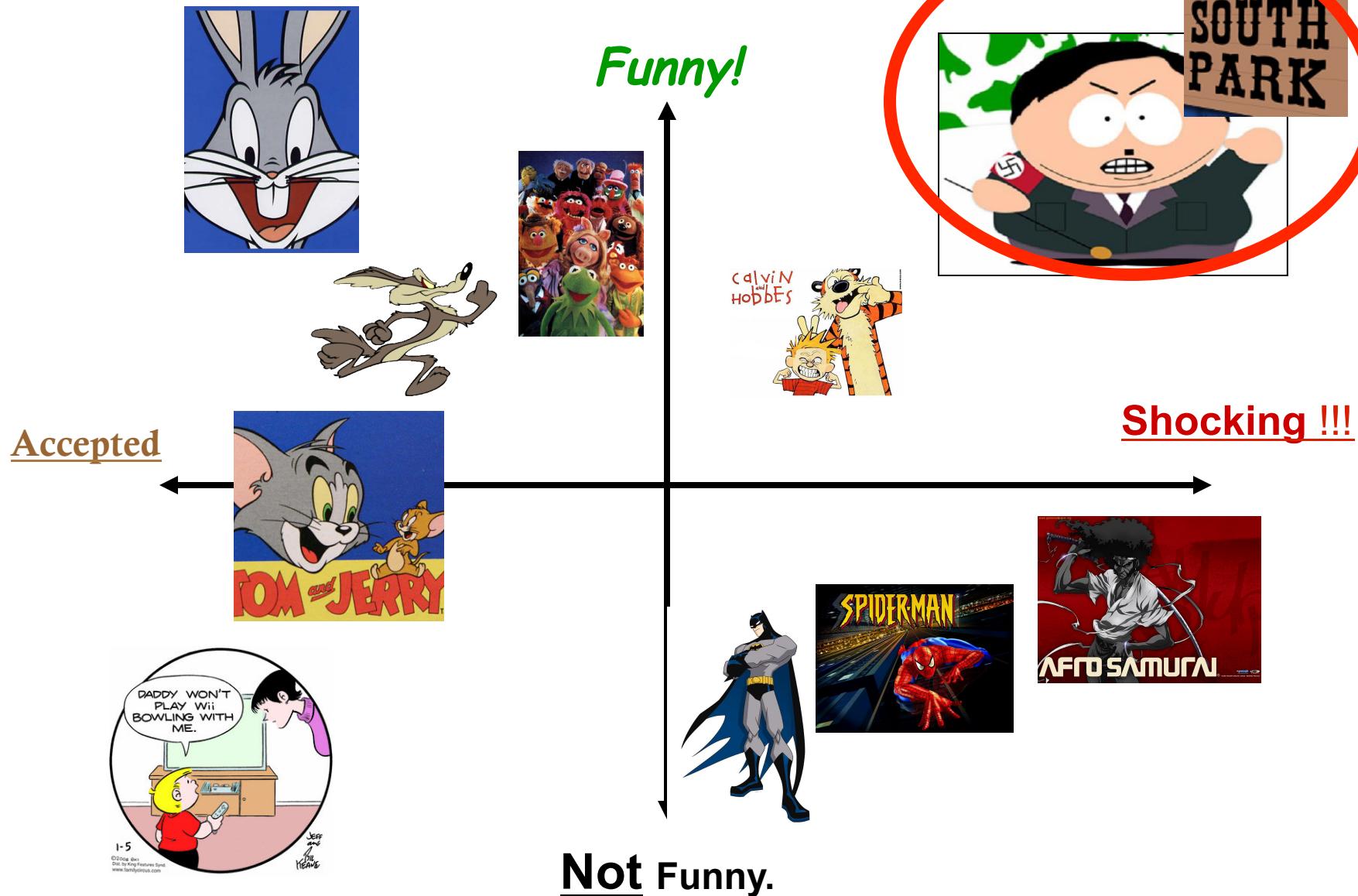
(why you're better *or* different)

- List *all* competitors
- Show how you're better...
... or at least different

if not better or different then
-> “NICHE TO WIN”



Better or Different.

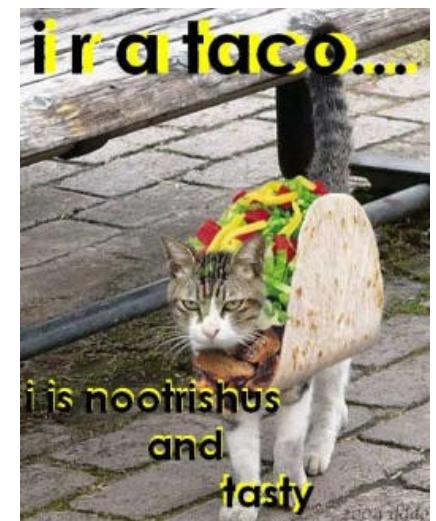


8. Marketing Plan

... how do you get **customers** & **distribution**?

lots of channels & decisions... choose a few:

- PR
- Contest
- Biz Dev
- Direct Marketing
- Radio / TV / Print
- Telemarketing
- Email
- SEO / SEM
- Blogs / Bloggers
- Viral / Referral
- Affiliate / CPA
- Widgets / Apps
- LOLCats



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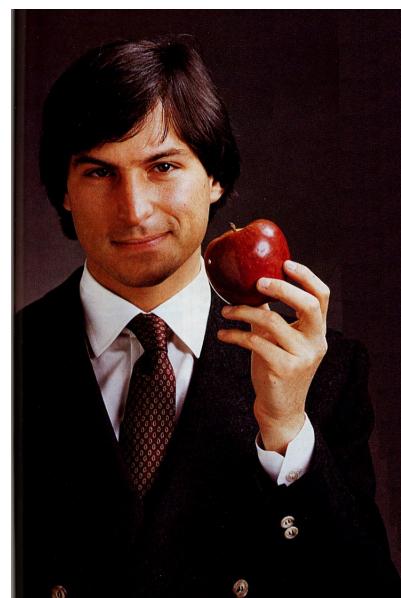
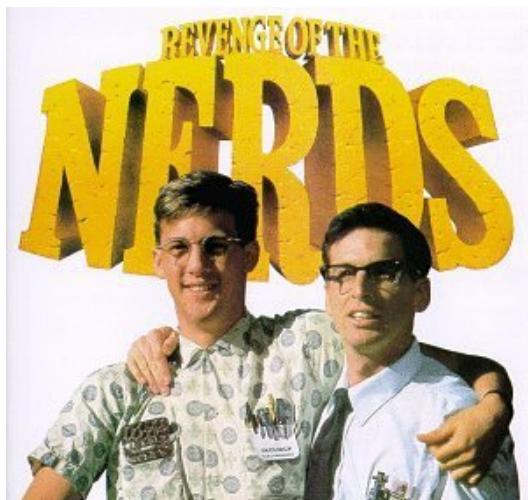
3 Things That Matter / To Measure :

1. Volume
2. Cost
3. Conversion

9. Team

People that VCs want to see on your team:

- **Geeks** with deep tech experience
- **Entrepreneurs** who have sold companies
- **Sales/Marketing** who bring in customer\$



10. Money, Milestones

- How Much **Money**?
 - 3 Budgets: Small, Medium, **Large**
- What will you do with **Capital**?
 - New Hires (Build **Product**)
 - Mktg & Sales (Get **Customers** / **\$\$\$**)
 - Ops & Infrastructure (**Scale Up**)



Additional Resources

- **Dave McClure**:
 - Startup Metrics for Pirates (AARRR!)
 - ZapMeals Sample Pitch Presentation
 - Master of 500 Hats Blog: “Greatest Hats” (top blog posts)
- **Steve Blank**: 4 Steps to Epiphany, Customer Development Methodology
- **Eric Ries**: StartupLessonsLearned
- **Sean Ellis**: Startup-Marketing.com
- **Andrew Chen**: AndrewChenBlog.com
- **Brad Feld, Jason Mendelson**: AskTheVC.com
- **Aydin Senkut**: Felicis Ventures blog
- **Mark Suster**: Both Sides of the Table
- VentureHacks.com
- StartupCompanyLawyer.com