

Fundraising

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COSS D04

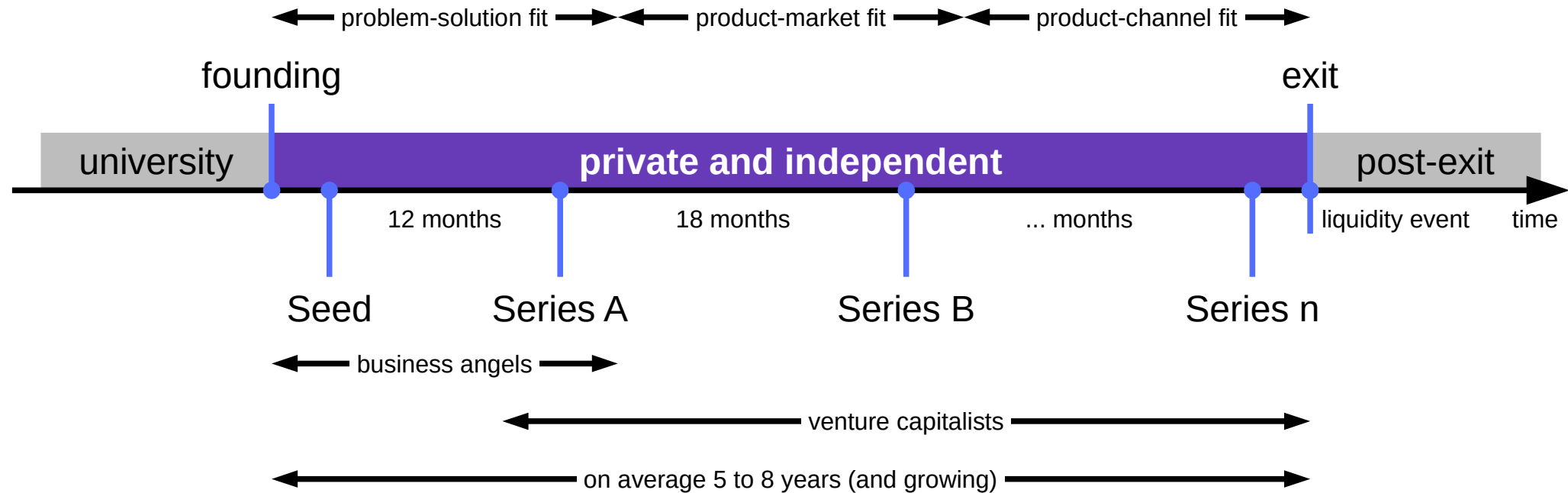
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Agenda

1. The startup time-line
2. Types of funding
3. The main players
4. Evaluation and valuation
5. The mechanics of a funding round
6. Expectations and risk profiles
7. Growth and funding time-lines

1. The Startup Time-line

The Startup Time-line



2. Types of Funding

Forms of Funding

| Type | Source |
|------------|--|
| Gift | <ul style="list-style-type: none">• Family• Public funders• Non-governmental funders |
| Debt | <ul style="list-style-type: none">• Family, friends, and fools• Loans |
| Investment | <ul style="list-style-type: none">• Business angels• Venture capitalists |

3. The Main Players

The Main Players

- Business angels
- Venture capital firms
- Lawyers
- Professors and universities
- Professional organizations

4. Evaluation and Valuation

Valuation Methods

- Cost of replacement (pre-seed)
- Revenue multiples (Series A onwards)
- Discounted cashflow (later)

Cost of Replacement Method

| Asset | Cost of Replacment |
|---------------|--|
| Source code | # person months x labor rate |
| Machinery | Price according to price list Price according to market place |
| Skilled labor | Recruiting costs |

Revenue Multiples Method

- Value of company = Revenue x Multiple
 - Revenue is typically annual (maybe extrapolated) revenue
 - Multiple is a pre-determined factor based on the industry or other comparables
- Example multiples
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Discounted Cashflow Method

- XXX

5. Mechanics of a Funding Round

Company Valuation Pre- and Post-Money

Pre-money valuation

€4M

Investment by investor

€1M

Post-money valuation

€5M

Equity stake to investor

20%

Example Term Sheet

The Cap(italization) Table

6. Expectations and Risk Profiles

Risk Profiles and Conflicts Interest

- Founders
- Business angels
- Early investors
- Late investors

7. Growth and Funding Time-lines

Funding Over Time

- Phases, Duration
- Pre-Seed, Seed, Series A, B, C...

Summary

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6. Expectations and risk profiles
7. Growth and funding time-lines

Thank you! Questions?

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