

Fundraising

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COSS D04

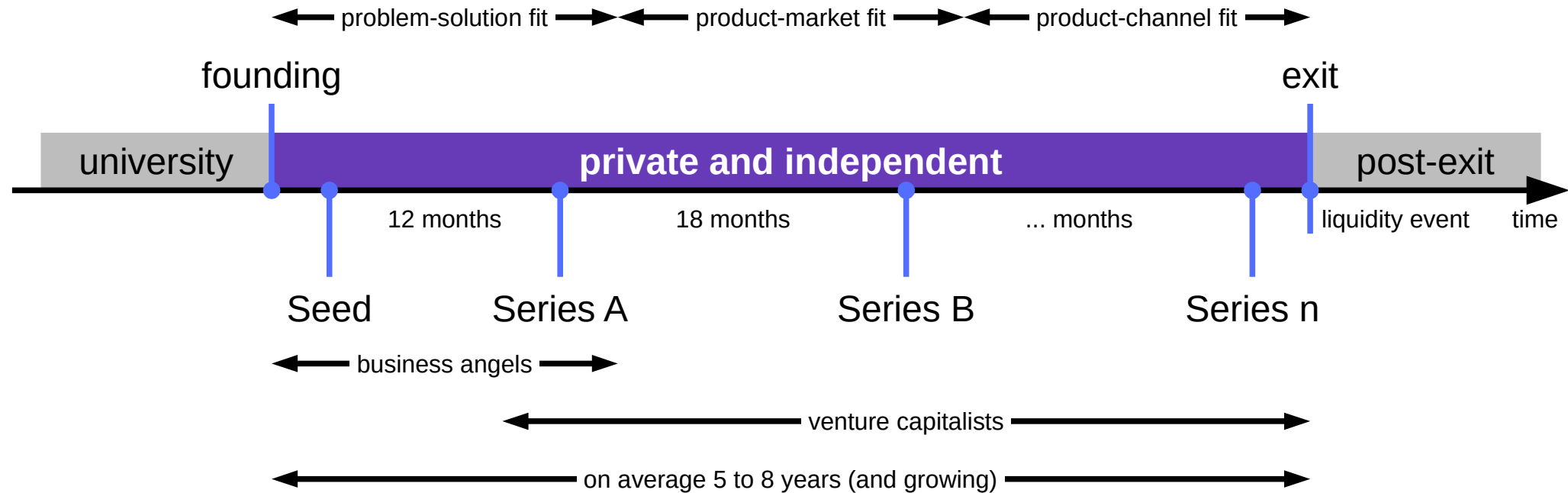
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Agenda

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

1. The Startup Time-line

The Startup Time-line



1. 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

2. The Main Players

The Main Players

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

3. 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

4. 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

5. Expectations and Risk Profiles

Risk Profiles and Conflicts Interest

- Founders
- Business angels
- Early investors
- Late investors

6. Growth and Funding Time-lines

Funding Over Time

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

7. Working with a Board

Summary

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Thank you! Questions?

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