

The logo for COTA CAPITAL, featuring the text "COTA CAPITAL" in a white, serif, all-caps font, centered within a solid dark blue rectangular box.

COTA CAPITAL

Inside the Mind of a Venture Capitalist

STANFORD VENTURE STUDIO

NINA ACHADJIAN – COTA CAPITAL

APRIL 2016

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COTA CAPITAL OVERVIEW



*These investments represent both Cota Capital and investments made by GPs

INVESTMENTS BY THEME

SAAS	MARKETPLACE/ ON DEMAND ECONOMY	BIG DATA & ANALYTICS	DIGITAL MARKETING	INTERNET OF THINGS	E-COMMERCE	FINANCIAL TECHNOLOGY	HEALTHCARE TECHNOLOGY
         	       	     	    	    	  	      	   

GETTING THE MEETING

- The best way to score a meeting is through a referral, which can come through:
 - Another VC
 - Angel Investor
 - Advisor
 - Another entrepreneur
 - An investor (LP) in the fund you're trying to meet

- Getting into one of the top accelerators can give you great access to investors on demo day:
 - Y Combinator
 - 500 Startups
 - NFX
 - Alchemist
 - StartX

- Make sure you are a fit for the VC prior to reaching out. Questions to research:
 - What are their key themes? SaaS? B2C? Infrastructure? Biotech?
 - What stage do they invest in? Typical check size?
 - Geographic preference
 - What expertise do they bring to the table?

- They will ask for a pitch deck
 - Hint: people actually do look at this
- Most likely the meeting will be 2-3 weeks out so start reaching out early!
 - Hint: fundraising always takes longer than you think

THE PITCH

3. THE PITCH: HOW TO SET YOURSELF APART

- The average Venture Capital fund meets over ~15 companies/week. Nearly all opportunities are passed on after the first meeting.



- Within the first 30 seconds of a pitch, you must articulate a very clear value proposition
 - VCs are always looking for the punch line first – why is this exciting and how big is the opportunity?
- Every pitch needs to cover these 6 things:
 - 1. VALUE PROPOSITION**
 - One, crystal clear sentence
 - 2. MARKET SIZE**
 - How big is the market?
 - Competitive landscape? Hint: it is usually not a good thing to have no competitors
 - 3. PRODUCT**
 - Is there IP?
 - What is the product roadmap?
 - 4. BUSINESS MODEL**
 - How do you make money? Is it repeatable and scalable?
 - 5. TEAM**
 - Why are you the right team to be successful?
 - What other hires will you need to make?
 - 6. FUNDRAISING STRATEGY**
 - How much have you raised so far and at what valuation?
 - How much are you raising now and what milestones does that get you to?

HOW DO VCS EVALUATE STARTUPS?

LIKE

DISLIKE

TEAM

- VISION-FOCUSED AND DATA-DRIVEN TEAMS
- ENGAGED BOARD OF DIRECTORS

- TEAMS THAT ARE NOT FORTHCOMING, LACK CONVICTION, OR ARE NOT DATA-DRIVEN
- BOARD WITHOUT A BALANCE OF EXPERIENCE

MARKET POTENTIAL

- LARGE, SUSTAINABLE, GROWING MARKETS
- DEFENSIBLE COMPETITIVE POSITION

- SMALL TOTAL ADDRESSABLE MARKET
- EARLY / IMMATURE MARKETS

PRODUCT

- DISRUPTIVE, MISSION CRITICAL PRODUCTS
- DEFENSIBLE IP WITH HIGH BARRIERS TO ENTRY
- SCALABILITY AND EASE OF USE

- VALUE PROPOSITION NOT COMPELLING FOR CUSTOMER/USER
- PRODUCTS WITH LOW BARRIERS TO ENTRY

PREDICTABILITY

- RECURRING REVENUE WITH HIGH GROSS MARGINS
- STRONG BALANCE SHEET PROVIDING SUFFICIENT FUNDING RUNWAY

- LOW GROSS MARGINS
- UNREALISTIC MONETIZATION STRATEGIES

PRICE

- RISK/REWARD DISCIPLINE
- CLEAR PATH TO VALUE CREATION

- VALUATION TRAPS
- NO CLEAR PATH TO MONETIZATION

THE DILIGENCE PROCESS

DILIGENCE CHECKLIST

TEAM	<ul style="list-style-type: none">• PERSONAL REFERENCE CALLS• ON SITE VISIT TO THE OFFICE TO MEET WITH EXECUTIVE TEAM
MARKET POTENTIAL	<ul style="list-style-type: none">• REVIEW HIRING PLAN, OTHER INVESTORS, ADVISORS• CUSTOMER SEGEMENTATION• DEEP DIVE ON COMPETITIVE LANDSCAPE• PRICING AND PACKAGING WORKSHOP
PRODUCT	<ul style="list-style-type: none">• CUSTOMER CALLS, EVEN WITH CHURNED CUSTOMERS• WHITE PAPERS IF NEW TECHNOLOGY• TECHNICAL DIGILIGENCE• POSSIBLE WORKSHOP ON PRODUCT ROADMAP
PREDICTABILITY	<ul style="list-style-type: none">• FINANCIAL MODEL• OPERATIONAL PLAN AND/OR ANNUAL PLAN
PRICE	<ul style="list-style-type: none">• COMPARISION WITH PUBLIC MULTIPLES OR OTHER STARTUPS• CAPITAL NEEDS

ROUND SIZE & VALUATIONS

- The Angel Round
 - <\$500k, usually a convertible note
 - Friends & Family
 - Pre-product, pre-revenue
 - Just enough to quit your full time job and get a real product built
- The Seed Round
 - \$1-3M, either convertible note or priced round
 - Institutional VC, ~1 board seat
 - Depending on the size of the round, expectation is to have a few referenceable customers
- The Series A Round
 - \$5-\$10M, usually priced round
 - Typically led by 1 VC with others participating, plus pro-rata investors
 - Market recently has commanded a ~\$1-2M ARR at this point

THE MOST IMPORTANT THING IS TO RAISE ENOUGH IN YOUR SEED ROUND TO TRULY GET YOU TO THE SERIES A MILESTONES



Do's & Don't's







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FOR MORE INFORMATION, FEEL FREE TO REACH OUT!

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THANK YOU!