

FINANCING: ROUNDS AND RAISES

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Where does the money come from?



\$46,745



\$41,610



\$31,136



\$10,612

Total funds are 136,818, including owner debt of ~4k and family equity of ~2k. Funds taken from high-tech subset of the Kaufman Firm Survey

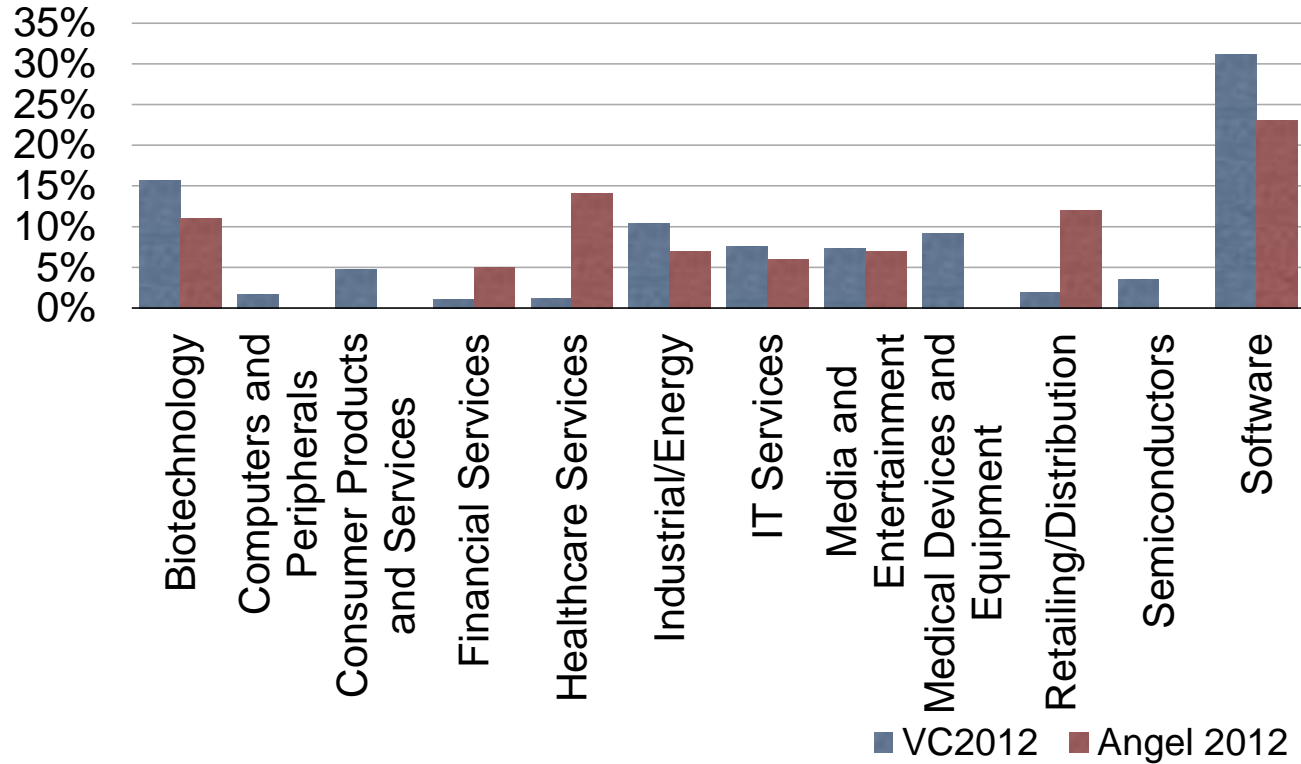
The terminology of fundraising

- Raising happens in rounds
 - “Friends and Family” or “Pre-Seed” (under \$1M)
 - “Seed” (under \$2M)
 - A, B, C... VC territory
- Each round give up 10%-40% of the company
 - Early rounds may use convertible debt
 - Later rounds are for equity and use preferred stock
- You may use different funding vehicles
 - Stage of company
 - Industry area of interest
 - Type of VCs interested in your area

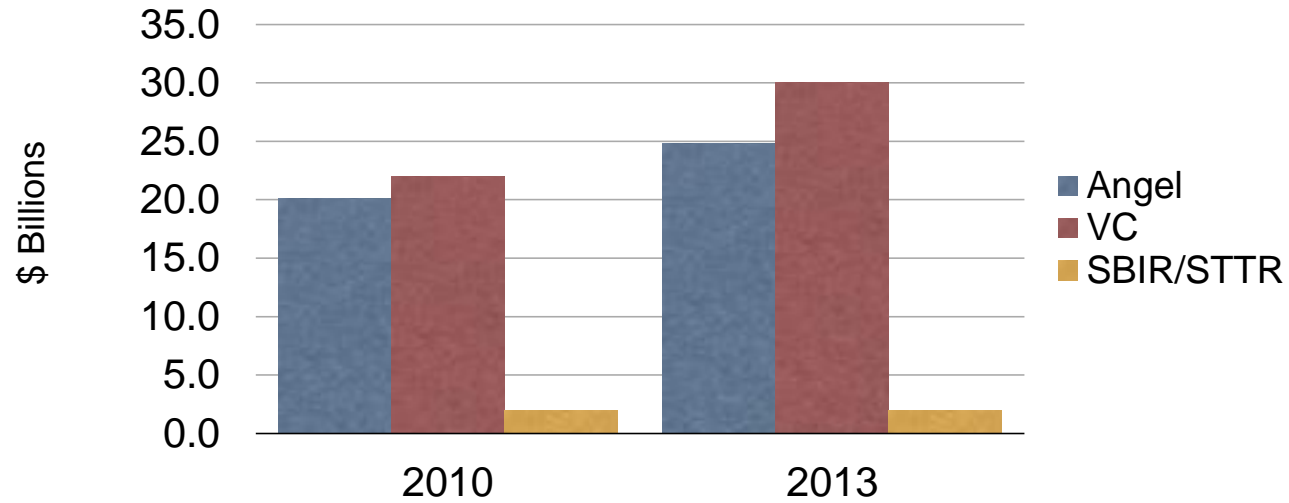
VC vs. Angel vs. “Super Angel” vs. Seed Incubators

	VC	Angel	“Super Angel”	Accelerator /Incub.	Crowdfunding
Funding	Limited Partners	Self	Depends	Depends	Many people
Stage of interest	Round A	Seed	Seed	Pre-seed	Pre-seed
Amount of investment	\$2M+	\$25,000-\$500,000+	Depends	\$20,000-\$100,000	\$100-\$1M
Value-Add	Networks, governance, guidance	Sometimes	Networks, governance, guidance	Initial mentoring, networks	Indirect
Fund Size	\$100M+	N/A	\$10M-\$70M	\$10M-\$30M	N/A
How they make money	Fees and carry leading to large exits	Equity leading to any exit	Equity leading to any exit, fees	5%-10% equity	They don't/ They will

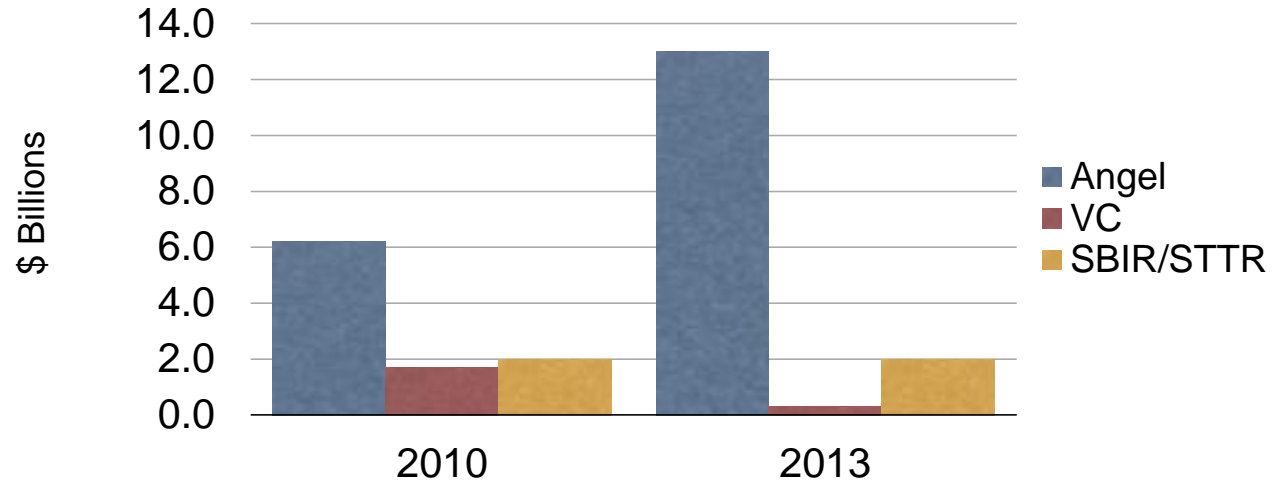
Number of investments by area



Sources of investment



Sources of investment: seed stage



Many trade-offs

- Current environment is friendly to entrepreneurs through Series A
- Series A “crunch”
- Many new ways of getting investment