

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

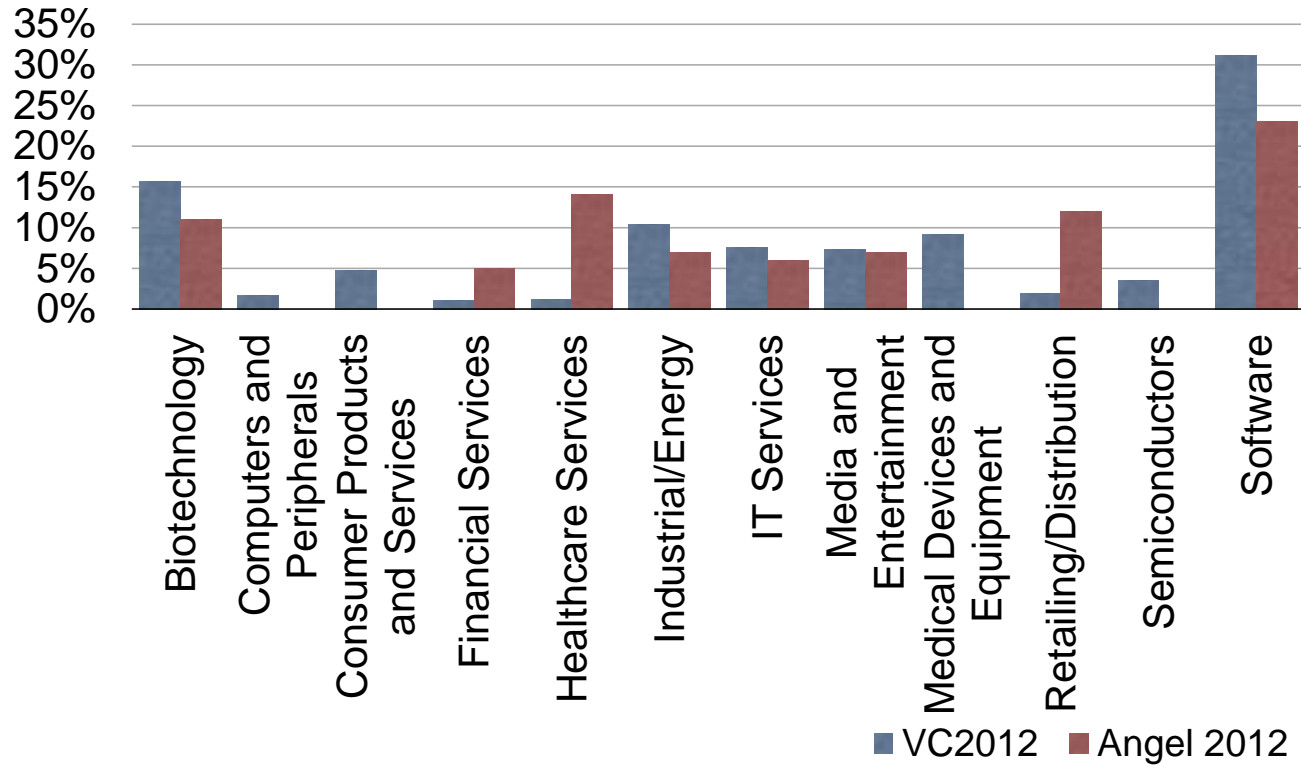
The terminology of fundraising

- 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

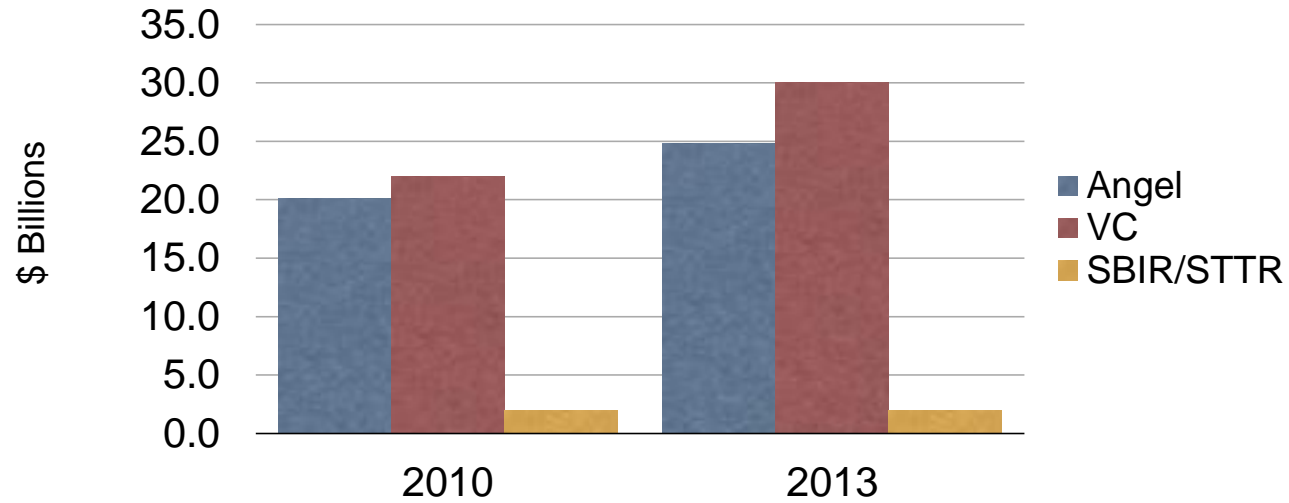
VC vs. Angel vs. “Super Angel” vs. Seed Incubators

| | 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 |

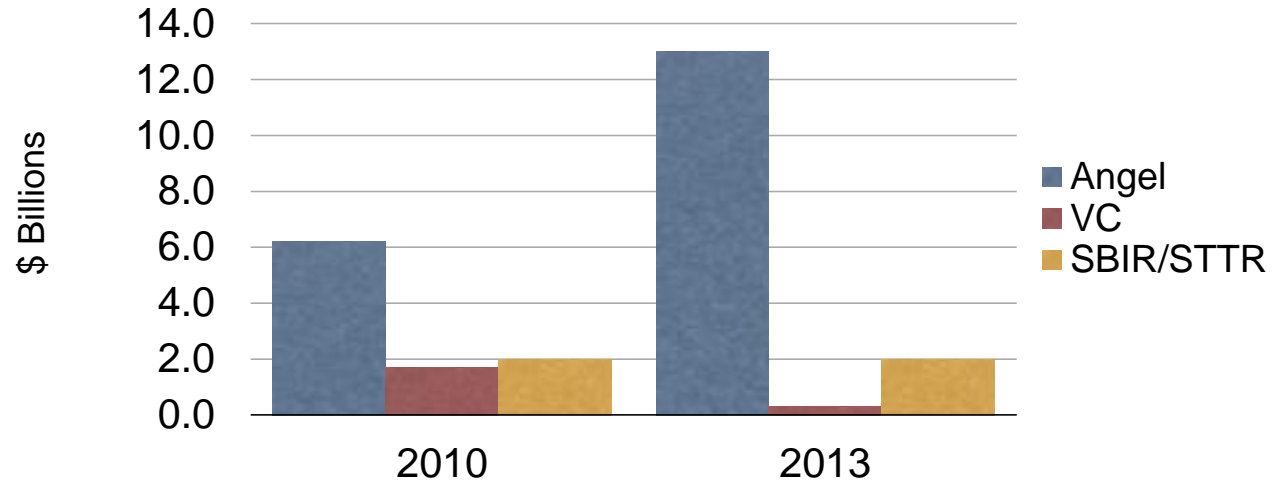
Number of investments by area



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