

## **Class 6**

# **Startup Valuation and Investment Pitch**

# Ground Rules

Observe the following rules to ensure a supportive, inclusive, and engaging classes



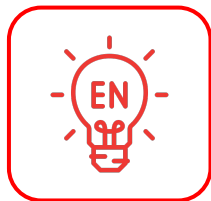
**Give full attention  
in class**



**Mute your microphone  
when you're not talking**



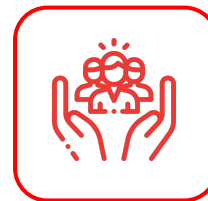
**Keep your  
camera on**



**Turn on the CC Feature  
on Meet**



**Use raise hand or chat  
to ask questions**



**Make this room a safe place  
to learn and share**

# Learning Objectives

- 01.** Recognize the reason of raising capital and business valuation
- 02.** Communicate effective presentation pitch



Why should professionals have  
an understanding of **startup  
valuation?**



# Recognizing entrepreneurial terms shows that you:



Understand companies business models



Identify market dynamics



Create more value for stakeholders



# Why do Businesses **Raise Capital**?



**Prototype  
Development**



**Overcome Barriers  
to Entry**



**Rapidly Scale  
Product Growth**



**Gain Market  
Validation**

# Why do Individuals Fund/Invest in Companies?



**Product Vision**



**Business Model with  
Growth Potential**



**Return on  
Investment**

# Understanding Investment Stages



# Understanding **Investment Stages**

## **Pre-Seed Funding**

This is the money that most likely comes **from your own pocket**, gifts or loans from family and friends, and can also be the prize for winning competitions.

## **Seed Funding**

This is the stage where **angel and venture investors** start to be viable financing options.

Continued in Series A, B, C, and so on...



# Understanding **Investment Stages**



Source: Clear House Accountants, [link](#).



# Startup **Valuation**

Valuation is essentially the act of determining **how much your business is worth.**

This worth will then be utilized by VCs or angel investors to help determine whether they should invest in you and by how much.



# Startup **Valuation**

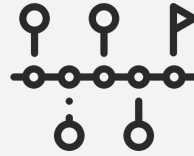
There are the key aspects startups need to prepare in order to raise their seed round:



Financial  
Budgeting



Market  
Sizing



Milestone  
Planning



Unique  
Differentiations

# Startup Budgeting

# Estimating **Startup Expenses**

Startup budgeting is critical for:

1. **Forecasting growth targets**
2. **Determining capital requirements**
3. **Securing investor confidence**

All companies fundraising need to be ready to answer:

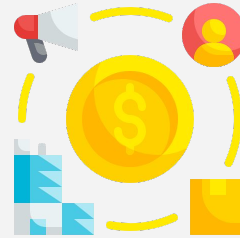
**"How much do I require to achieve  
the next business milestone?"**

# Estimating **Startup Expenses**

All budgeting exercises should factor:



**One-Time Expenses**



**Recurring Expenses**

Each capital raise should ideally provide  
**12 to 18-months** cash runway

# Market Size



# Forecasting Your **Market Size**

You need to **make a projection of the potential scale of the business** in regard to the market.

**Investors need this data for two reasons:**

01. Help them figure out if your startup has a **market** (i.e. product need)
02. Identify whether your business has a **substantial upside potential** (i.e. large market size)



# TAM, SAM, and SOM



TAM SAM SOM

The Numbers of Markets

[www.StartupNV.org](http://www.StartupNV.org)

StartupNV, Inc – Nevada's State-Wide Business Incubator  
a 501(c)3 Non-Profit Corporation

Source: StartupNV, [link](#).

# Forecasting Your **Market Size**

---

**SOM is your short-term target** and therefore the one that matters the most.



**Your SOM projection needs to consider:**

1. **Product roadmap**
2. **Marketing plan**
3. **Competition**

**Session Break for 5 Minutes**

**Class will continue after break**

# Milestone Planning

# Milestone Planning

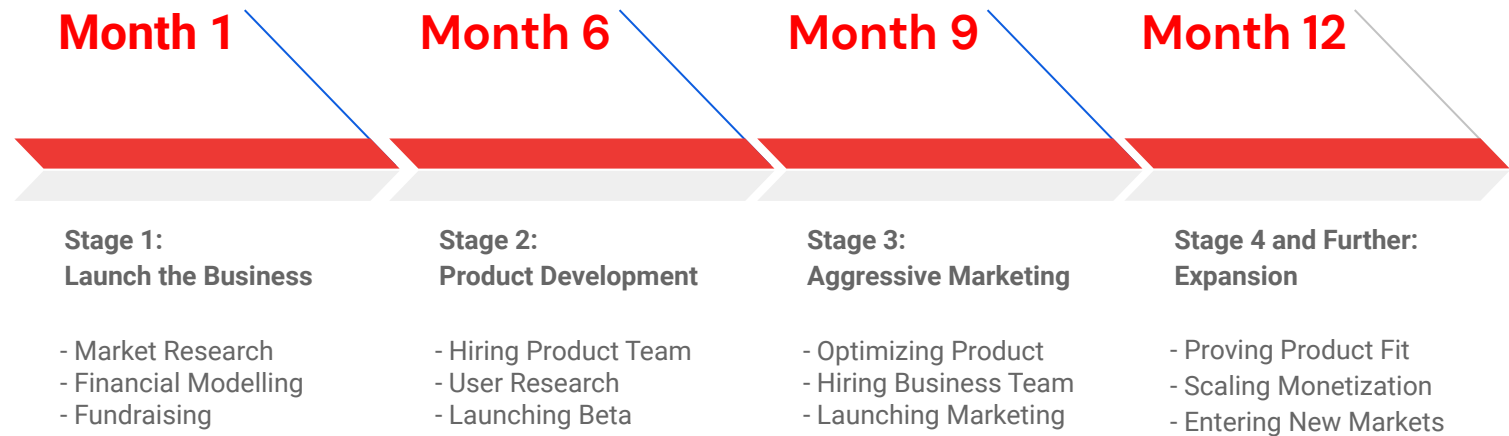
---

Setting business goals as milestones will help you to:

1. Quantify the resources required in order to support business expansion
2. Determine appropriate business model to realize the set goals
3. Provide framework for stakeholders to measure company success

# Milestone Planning

---



# Milestone Planning

By setting clear milestones, businesses can more **accurately determine the capital required to achieve their goals.**

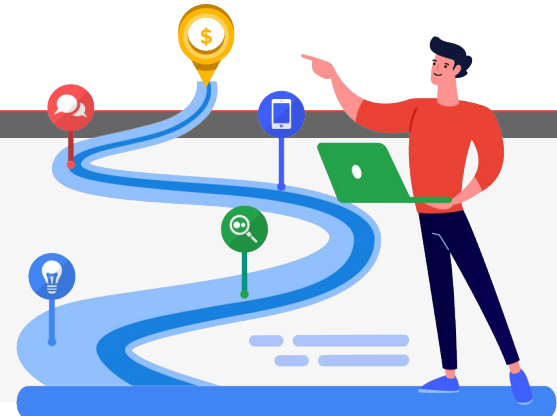
Milestone planning +  
Strong research data +  
Financial planning businesses

---

**= Convince investors to support your goals.**

In short, milestones are beneficial for:

1. Giving clarity.
2. Pushing investors to start investing.
3. Signalling the time to sell.







“This is the market potential of my product **[number of the market size]**, and this is what I can accomplish now to be able to serve that market **[the milestones]**, which will require this much **[amount of expense investment]**.”

# Unique Differentiation

# Unique **Differentiation**

---

**Businesses can achieve competitive advantages through ...**



**The founders' background**



**Funding strength**



**Unique value proposition**



**Industry growth**



**Viable business model**



**Market readiness**



# Class Exercise

Duration: 10 minutes

1. Choose 1 Indonesian startup that raised venture capital funding in the last 12-months.
2. Research the following information on that deal:
  - How much capital they raised?
  - What was their company valuation?
  - How large is their potential market size?
  - How will the company utilize these funds?
  - Why did the VC invest in the company?



**Share your findings with the class.**

## Sample Answer: **Ruangguru**

Ruangguru was last funded on Dec 2019 by GGV Capital and Atlantic by US\$ 150 million for Series C funding. They become one of Indonesia's leading education platform, especially in late 2019 to 2020, where learning process shifted from offline to online, which was a momentum for them to grow. Ruangguru succeed in achieving the valuation exactly because they are future oriented, they are flexible to the dynamic changes while still developing the curriculum based on Indonesian formal education. They also know their target market well and set the right range to gain their revenue streams.

What started out as a platform to connect teachers and students in 2014, now increasingly step up to become the one-stop-shop for a variety of quality content, live video learnings, and comprehensive questions bank. The high quality product offered combined with purposeful social cause (education in South East Asia) successfully capture VCs' attentions to pursue their dream. Ruangguru's brand become more well-known since they aired on local television routinely as a part of their marketing and they became the phenomenon, not only growing through words of mouth at that time.

Their target market is quite huge, which is students across Indonesia from various backgrounds that need after-school tuition. Their product that continues to improve, combined with their intensive marketing activities, helps them to obtain 17 million users as their current number of students and it is still growing.



# Pitch Perfect!

# Pitching **Process**

*An art of presenting and convincing others to invest in your idea.*



Obtaining financing will depend on how you convey a **compelling** and **interesting** narrative.

# Building a Great Pitch Deck

---

Your pitch deck is your weapon.

3 principal elements of a pitch deck:

Clarity - Conciseness - Explicit



# Components of the Deck

---

**A 15-20 slides pitch deck should consist of the following points.**

**All of which should be explained as clear and concise as possible.**

1. The Problem	6. Business Model
2. Your Solution	7. Existing Traction
3. Market Opportunity	8. Team Members
4. The Product	9. Product Roadmap
5. Competition	10. Investment Request

# The Art of **Investment Pitching**

A brief, persuasive speech that you use to spark interest in what your organization does in **20 to 30 seconds.**

1. Be truthful
2. Show the benefits; make a sound bite
3. Project realistic outcomes
4. Show that you are the right one
5. Be flexible and open to advice
6. State what you need
7. Manage your time
8. Practice pitch and confidence!





## Class Exercise:

# Creating Your Investment Elevator Pitch

 Duration: 10 minutes

In the previous module, you have tried to create your MVP.

Now, you have to explain about yourself and your product briefly within **20 seconds**. Write down your elevator pitch script to explain it. Make sure it is convincing, persuasive, and interesting!

Share it to the class once you've finished. The rest of the class should listen and provide constructive feedback if they are interested to know more about the idea.



# Creating **an Elevator Pitch**



## ELEVATOR PITCH EXAMPLE:

“Hi, I’m Kris from Healthee, a smart digital assistant designed to help people focused on the wellbeing goals they have: staying fit, eat healthier, or as simple as drinking enough water. Did you know that 50% of Indonesians don’t drink enough water, and the number is even less for people, simply because they lack commitment and are often distracted to do so. Simply with a touch of fingerprint, my smart AI will tell you if you spent too much time indoors and recommend activities to do based on your need. My team has got a working prototype and we’re looking to raise angel investment. Would this be of interest to you?”



# **Investors Reject Majority of Investment Pitches.**

**What's Next?**

# Accepting a “No”

---

- A “no” today **is not** a “no” forever
- “Many roads lead to Rome”

Remember: **investor relation is a long-term commitment!**



# Quiz

# Pop-Up Quiz!

Duration: 10 minutes

---

**Let's check your understanding of this module!**

Please go to the provided quiz link to answer 10 questions related to the material you've just listened to.

The link will be shared in the Chat Box.



# Assignment

# Assignment

1. To ensure your understanding of the module, please complete the assigned multiple choice questions and essay.
2. You will pass the assignments if you satisfy the following criteria:
  - a. Demonstrate the right application of the knowledge provided in the module in completing the assignments
  - b. Answers should be logically sound, valid, and relevant to the topics at hand
  - c. Please consult the Bangkit 2022 Soft Skills Module Assessment Rubric for more detail.
3. Submit your answer by **June 27th, 2022**. Late or failure to submit will affect your final result in Bangkit Program.



## Assignment: Polish Your Elevator Pitch.

During the session, you have briefly practiced on preparing your elevator pitch.

Based on that practice, create an investment elevator pitch to explain about yourself and your business based on the MVP that you've prepared in **less than 200 words**.

Your goal is to ensure that the recipient is able to picture your vision and product, as well as wanting to know more of it.

Follow the tips to create an attractive elevator pitch in the module.

# Thank You