Pitching Your Company

The story you have to get right before you can write the story of your company
Don’t be this person
Don’t be this guy
What is an investor pitch?

A Story about your Business
What Makes a Story Good?

Engaging characters

Good plot

Exciting action

Climactic finish that wins the audience
“Classes are being skipped. Work is being ignored. Students are spending hours in front of the computer in utter fascination. Thefacebook.com craze has swept through campus.”

-- The Stanford Daily, 03/05/2004

Facebook's Original Media Kit Pitch
Your Audience

What keeps an investor in their seats?
What’s on an Investor’s Mind?

Take cognizance of four investor thought patterns that are essential to understanding a Solution Pitch

Business Model
Fear vs. Greed
Managing Risk
Exit Arithmetic

The Dan Gordon School of Pitching
Investor Mind: Business Model

Investors do not care (much) about your product
They only care about customers wanting to buy it
Investors do not care (much) about the problem you solve for customers
They only care about making money from solving a problem
Investors care (a lot!) about your business model

The Dan Gordon School of Pitching
Investor Mind: Fear and Greed

Investors cycle between

Fear: “they will lose my money”
   Suspicion is the BFF of Fear
Greed: “I will miss out on an oppy to make a killing”
   Manic Haste is the BFF of Greed

Investors flip back and forth between Fear and Greed with nothing in between

In fact, the same presentation bullet point can do both

“Google has shown that the user base for online docs is huge”

[Greed] $2.50 x each Google Docs user = $$$
[Fear] OMG, Google could take this over

The Dan Gordon School of Pitching
So How do You Construct a Good Pitch?
Build a compelling story about your customer and business model
Engaging Characters

The story of your customer
It’s all about Customer Love

Who is this person?

What’s their problem?

Why should we care?
What is this customer’s story?
What about this customer?
Get investors rooting for your customer and they may start rooting for your business
Good Plot

Your elevator pitch: the feature length version
Business Thesis

• Customer Statement: “We help our customers...”

• Problem statement: “who have this problem (or this aspiration)...”

• Solution Statement: “by providing...”

• Value proposition statement: “resulting in...”

• Unique market position statement: “better than...”

• And here’s how we make money!

• And this is how you make money!

You need to complete this sentence to pitch investors!
What is their elevator pitch?
Problem Statement: a TRUE Story

Tangible

Relevant

Urgent

Easily stated

Problem

Price is an important concern for customers booking travel online.

Hotels leave you disconnected from the city and its culture.

No easy way exists to book a room with a local or become a host.
What the heck are they talking about?
The Solution Statement

Simple, conceptual understanding

Graphical stronger than textual

Focus on the customer, not the technology/product features
You can also give some idea of how your solution works
Again…sadly…what to avoid
The Value Statement

Tangible

Measurable

Directly Relevant to customer pain/gain
A web platform where users can rent out their space to host travelers to:

- **SAVE MONEY** when traveling
- **MAKE MONEY** when hosting
- **SHARE CULTURE** local connection to the city
Strong value propositions

You can’t go wrong with “better, cheaper and faster”
Unique Positioning Statement

No one has “no competitors”

Focus on clear differences that create value

Limit the number to increase the impact
Exciting Action

Give the audience what it wants
What gets investors excited?

The business model works

The market is big and growing

The you have validated the model and started growing

There’s a big exit in your future
If you can’t make money on one transaction, how do you make it on a million?
How Much Do Your New Customers Cost?

\[ \frac{\text{Total Acquisition Costs}}{\text{Total New Customers}} = \text{New Customer Cost} \]
<table>
<thead>
<tr>
<th></th>
<th>Best Customers</th>
<th>Average Customers</th>
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</thead>
<tbody>
<tr>
<td>Life Expectancy</td>
<td>3 years</td>
<td>2 years</td>
</tr>
<tr>
<td>Revenue Year 1</td>
<td>$280</td>
<td>$100</td>
</tr>
<tr>
<td>Revenue Year 2</td>
<td>$280</td>
<td>$100</td>
</tr>
<tr>
<td>Revenue Year 3</td>
<td>$280</td>
<td>$0</td>
</tr>
<tr>
<td>Lifetime Revenue</td>
<td>$840</td>
<td>$200</td>
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<tr>
<td>Gross Profit Margin</td>
<td>10%</td>
<td>10%</td>
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<tr>
<td>Lifetime Gross Profit</td>
<td>$84</td>
<td>$20</td>
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<tr>
<td>Acquisition Cost</td>
<td>$8</td>
<td>$4</td>
</tr>
<tr>
<td>Lifetime Net Profit</td>
<td>$76</td>
<td>$16</td>
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</table>
# How We Make Money

**“OneBox” – 6 Bottles in CA**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Wine</td>
<td>$45.00</td>
</tr>
<tr>
<td>Shipping</td>
<td>$24.00</td>
</tr>
<tr>
<td>Compliance</td>
<td>$ 2.50</td>
</tr>
<tr>
<td>Credit Card Processing</td>
<td>$ 2.50</td>
</tr>
<tr>
<td><strong>WineSimple Margin</strong></td>
<td><strong>$16.00</strong></td>
</tr>
</tbody>
</table>

**Consumer Price**

$89.99*

*Less than typical retail for same 6 bottles.

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The Business Model Made Simple
Citrix: A growing market made simple

Market Size Slide

Addressable Market Opportunity

- $1B
  - App Virtualization
  - 2004

- ~$6B
  - Cloud Networking
  - Web Collaboration
  - Cloud Platforms
  - Mobile & Desktop
  - 2012

- ~$19B
  - Cloud Networking
  - Web Collaboration
  - Cloud Platforms
  - Mobile & Desktop
  - Data Sharing
  - 2015

Source: IDC reports
© 2013 Citrix
The Big Finish

Give the audience what they want: a big opportunity!
How to seal the deal

Realistic and attractive financial projections

Exit that’s attractive and reasonable

A team that can deliver

Investment “ask” that’s sensible
Financial Slides

Simple and easy to read

Focus on key metrics vs. detailed P&L

Clean graphics can help make the point

The longer the timeline, the less believable
A graphical approach can drive home the same ideas.
Great Exit Comps!

### Fig. 11: 10 Largest Venture Capital-Backed Exits Announced Globally in Q3 2016

<table>
<thead>
<tr>
<th>Portfolio Company</th>
<th>Date of First Investment</th>
<th>Investor(s)</th>
<th>Total Known Funding (mm)</th>
<th>Exit Type</th>
<th>Exit Date</th>
<th>Acquiror (Exit)</th>
<th>Exit Value (mm)</th>
<th>Industry</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar Shave Club</td>
<td>06-Mar-12</td>
<td>Andreessen Horowitz, Battery Ventures, Comcast Ventures, Dragoneer Investment Group, Felicis Ventures, ForeRunner Ventures, Kleiner Perkins Caufield &amp; Byers, Pritzker Group Venture Capital, Shasta Ventures, Technology Crossover Ventures, Venrock, Whole Star Capital</td>
<td>148 USD</td>
<td>Trade Sale</td>
<td>19-Jul-16</td>
<td>Unisys</td>
<td>1,000 USD</td>
<td>Internet</td>
<td>US</td>
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<tr>
<td>Apigee Corporation</td>
<td>01-May-05</td>
<td>Accenture, Bay Partners, BlackRock, BlackRock Capital Partners, Focus Ventures, In-Q-Tel, Juniper Ventures, Norwest Venture Partners, Pine River Capital Management, Sapphire Ventures, Third Point Ventures, Wellington Management</td>
<td>105 USD</td>
<td>Trade Sale</td>
<td>08-Sep-16</td>
<td>Google Inc.</td>
<td>625 USD</td>
<td>IT</td>
<td>US</td>
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<td>Quip</td>
<td>30-Jul-13</td>
<td>Benchmark Capital, Greylock Partners</td>
<td>45 USD</td>
<td>Trade Sale</td>
<td>01-Aug-16</td>
<td>Salesforce.com</td>
<td>582 USD</td>
<td>Software</td>
<td>US</td>
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<tr>
<td>Takeaway.com BV</td>
<td>09-Jan-12</td>
<td>Macquarie Capital, Prime Ventures</td>
<td>118 USD</td>
<td>IPO</td>
<td>30-Sep-16</td>
<td>Intel Corporation</td>
<td>328 EUR</td>
<td>Internet</td>
<td>Netherlands</td>
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<tr>
<td>Sequenom</td>
<td>14-Jan-08</td>
<td>AlpInvest Partners, Global Life Science Ventures, Lombard Odier Darien Hentcho, Menta Capital, OMIF, Silicon Valley Bank, SIR One, STAR Ventures, TVM Capital</td>
<td>231 USD</td>
<td>Trade Sale</td>
<td>27-Jul-16</td>
<td>Laboratory Corporation Of America</td>
<td>302 USD</td>
<td>Biotechnology</td>
<td>US</td>
</tr>
</tbody>
</table>

Source: Preqin Private Equity Online
Things to mention

Who is the logical acquirer?

What do the sales metrics look like in your space?

How much money will you ultimately need?

What’s the timeframe?
The Team

The knowledge, skill set and experience necessary to develop a long-lasting, profitable business.

Bill Johnson — Founder & CEO
Bill was the VP of Marketing for Sugar CRM for 5 years, helping the company grow to become a dominant player in the market. Bill’s responsibility for creating the vision and direction for the company, and working with the rest of the executive team to plan how this will be accomplished.

Jennifer Thomas — CMO
After 8 years of experience as a Marketing Executive at eBay, Jennifer joined the Symbiosis team in 2009 as the Chief Marketing Officer. Her major responsibilities include creating an innovative marketing strategy to meet the company’s overall goals for sales and revenue. She is also responsible for overseeing the execution of the marketing strategy by the sales and marketing teams.

Michael Russman — CFO
Michael has over 15 years of experience as a CFO for a variety of growing technology companies. At Symbiosis, his major responsibilities include allocating the company’s resources effectively to effectively execute the company vision, with respect to the company’s goals for consistent growth.

John Bryant — Founder & CTO
John brings wide ranging technological expertise and experience to the team. From 2003-2006, John was the lead UI Engineer for the CRM division at BizAutomation. John also has significant experience heading teams specialized in both front and back-end engineering. John’s major responsibilities include product development and managing ongoing system improvements.

Give them confidence you can deliver
Investment Slide

How much do you need?

How far does the money get you?

How will you spend it?

Valuation or other deal terms not required
Investment

We are seeking a $600,000 seed round in exchange for 20% equity in Boomeon based on a valuation of $2,400,000.

This valuation is based on projected 2017 earnings of approximately $600,000 with a 4x multiplier, which is conservatively below historical industry multipliers.

Anticipated proportional expenditure as % of total raise:
- 25% existing staff salaries
- 10% new hires
- 50% sales and marketing
- 10% new product development
- 5% infrastructure and overhead

boomeon
Your generation. Your place to be.
Exit Slide

How will you exit?

If acquisition, who are the likely acquirers?

Timeframe?
Some other quick tips

Don’t do an ugly deck!

Organize presentation to best tell your story

Never forget that you’re a performer

Remember why you’re there. Stay on message
You won’t be this guy...
...you’ll be her!