

# All About Investors

June 15th, 2022



# Presenter - Brian Martin, CFA, P.Eng

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## **Partner & Investment Director**

Brian is responsible for leading investments in big data, smart cities, IoT, 5G and security for TELUS Ventures. Brian is an experienced VC investor with expertise in go-to-market for early stage companies, and as an engineer, he applies both a strategic and technical lens when evaluating investment opportunities and guiding portfolio companies. Brian's portfolio companies have had exits to Splunk, Planet Labs, VMware, KeySight and IMS Health.

Prior to joining TELUS Ventures, Brian was a Principal at Vanedge Capital for 7 years and previously served as Chief Security Officer at BC Hydro, where he led overall security policy development and implementation for the province's electrical system. Brian is a trained engineer, with a bachelor's degree in electrical, electronics and communications engineering from the University of Alberta, and he holds a Professional Engineer certification from the New York State Education Department.

Brian is a Chartered Financial Analyst, a member of the CVCA committee on International Affairs and holds an MBA from the Smith School of Business at Queen's University.

[LinkedIn](#)

**TLDR: Venture capital investor for TELUS with background as an operator, advisor and investor**

# Agenda

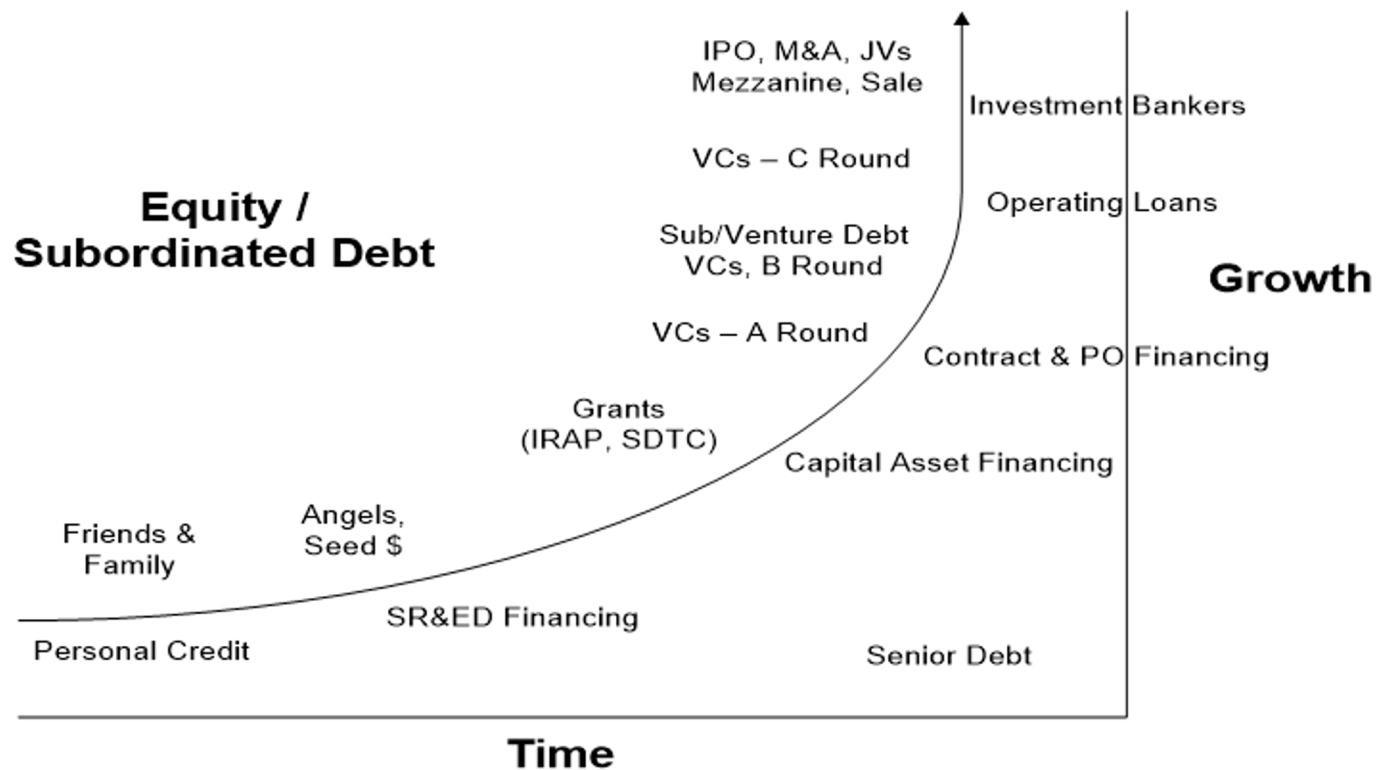
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- 1) Startup Funding Lifecycle
- 2) Investor Profiles:
  - a) Friends & Family
  - b) Angels
  - c) Institutions
- 3) Current VC Statistics
- 4) VC Q&A

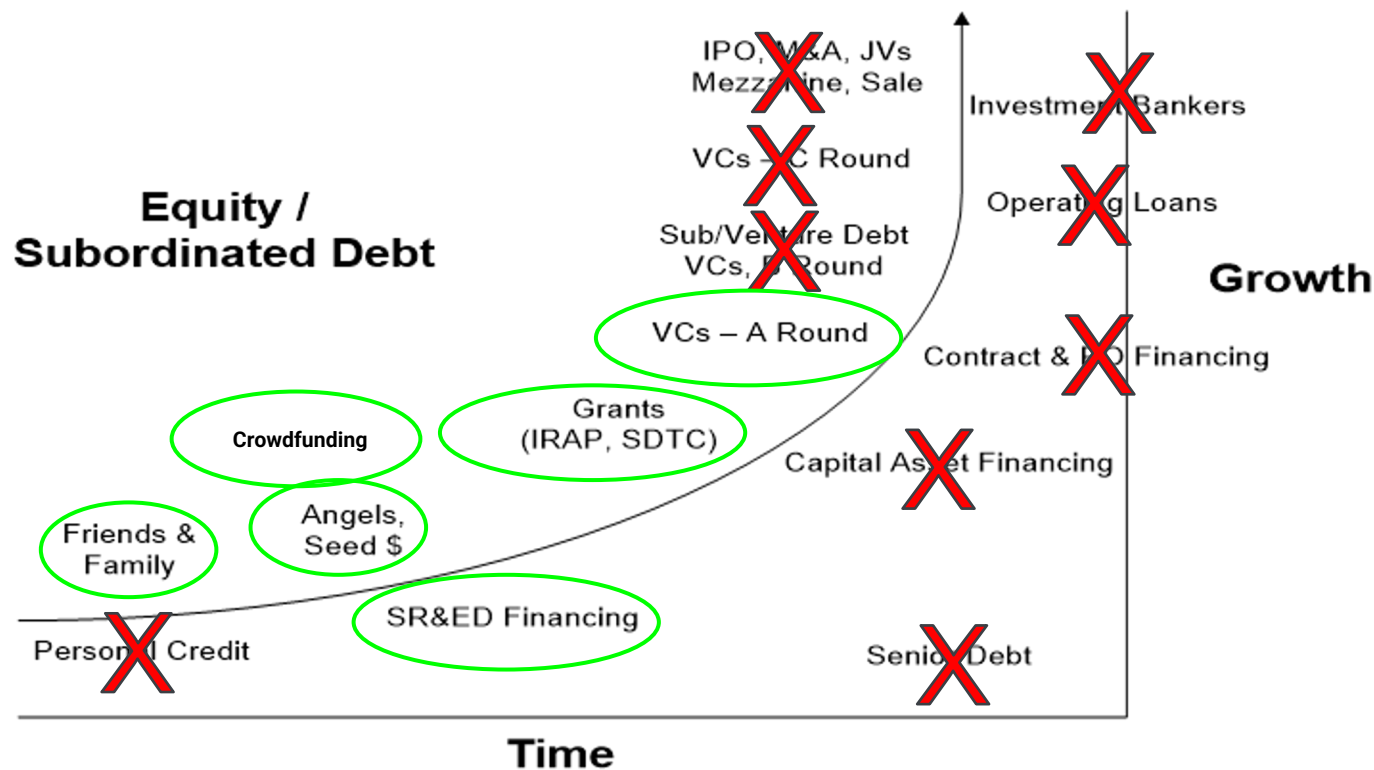
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# Startup Funding Lifecycle

# Source of Financing



# Source of Financing



# Ground Rules for Fundraising

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**The right AMOUNT, reasonable VALUATION and under reasonable TERMS**

**ALL investors need to be able to BUY LOW & SELL HIGH**

There needs to be “upside” at every stage of the investment

Watch that valuations don't get too high so that you can't fundraise or get punitive terms

Different investors will have different expectations

I.e. Turning \$15K into \$50K for an Uncle is a great outcome.

I.e. Turning \$5M into \$7.5M for a VC is a not a great outcome.

# Ground Rules for Fundraising

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## **Be a great steward of capital**

Spend money to create value

## **Raising money is not a badge of honour**

Talking to investors is massive waste of time because revenue cures all problems  
(focus on product & customers)

The more money you raise, the more you will need to pay back on an exit



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# Investor Profiles

# Friends & Family

- One of the largest supplies of capital to startups.
- Raising capital is often more of an ethical decision than a financial one.
- What does Thanksgiving dinner 5 years from now?

## Friends and Family Round - Summary

- **Investor Sophistication:** Low
- **Cheque Size / Investor:** \$10-150k
- **Total Round Size:** \$25-150k
- **Pre-Money Valuation:** <\$1M
- **Security Types:** Common shares
- **Transactions Costs:** Very Low
- **Effect on Control:** Founders will typically maintain full control of the Company and Board
- **Investor Relations Burden:** Very Low
- **Pros:** Easy money, cheap, little/no impact on control
- **Cons:** Impact on relationships if risks not understood

# Grants, Grants & More Grants

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**SR&ED:** Money for Scientists & Engineers

Can finance this through organizations to pull money forward (10%-12% coupon)

**IRAP:** Money to start projects

Usually forgivable loans to create jobs. Read and negotiate the fine print.

**Canada Council:** Money for Arts projects

**Grants.Gov:** US Defense & Other US Special Projects

**Alacrity Foundation:** Money for marketing

**Competitions**

**Others...**

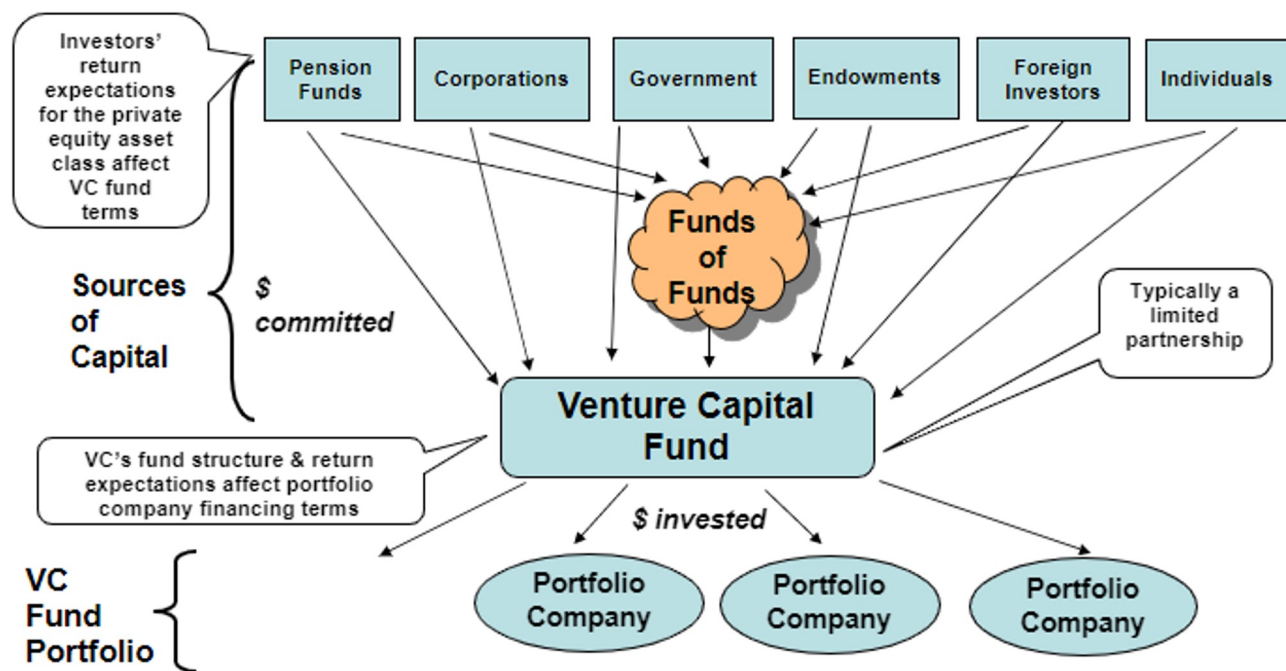
# Angels & Accelerators

- Angels are HNWI
- Typically invest in things that they know / industry experience
- Do due diligence on them. Is this someone you want to work with for 5+ years?
- Accelerators are where to find active angel investors: CDL, TechStars, Y Combinator

## Angel Round - Summary

- **Investor Sophistication:** Medium to High
- **Cheque Size / Investor:** \$20-150k
- **Total Round Size:** \$0.3M-1M
- **Pre-Money Valuation:** \$0.7-3.0M
- **Security Type:** Common Shares, SAFEs/Convertibles, Preferred Shares
- **Transactions Costs:** Low
- **Effect on Control:** Investors may have veto rights over certain actions; may ask for board seats etc.
- **Investor Relations Burden:** Low to High
- **Pros:** More \$, advice, introductions, support
- **Cons:** Lose 100% control, “start the clock” to an exit

# Venture Capital Funds



# Institutional Seed Round

- Seed investors do a lot of small bets
- Good to have someone that is 'local' that can help recruit, be a sounding board
- Great to have someone that knows your business

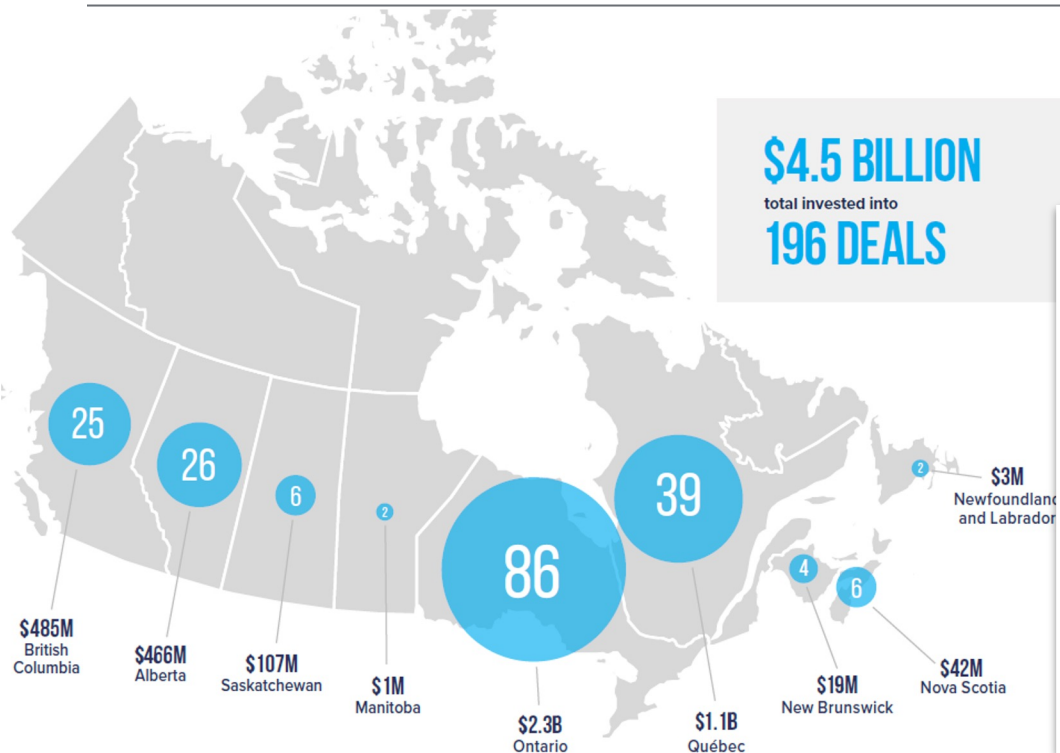
## Institutional Seed Round - Summary

- **Investor Sophistication:** High
- **Cheque Size / Investor:** \$0.1-1.0M
- **Total Round Size:** \$1.5-3.0M
- **Pre-Money Valuation:** \$4.5-10M
- **Security Type:** Preferred Shares
- **Transactions Costs:** High
- **Effect on Control:** Protective provisions will be standard; 1+ board seat(s) likely required
- **Investor Relations Burden:** Medium
- **Pros:** More \$, professional advice, follow on capital
- **Cons:** Give up more control, 100% commitment to an exit on a specified timeline

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# Current Canadian VC Stats

# Stats - CVCA - Q1 2021



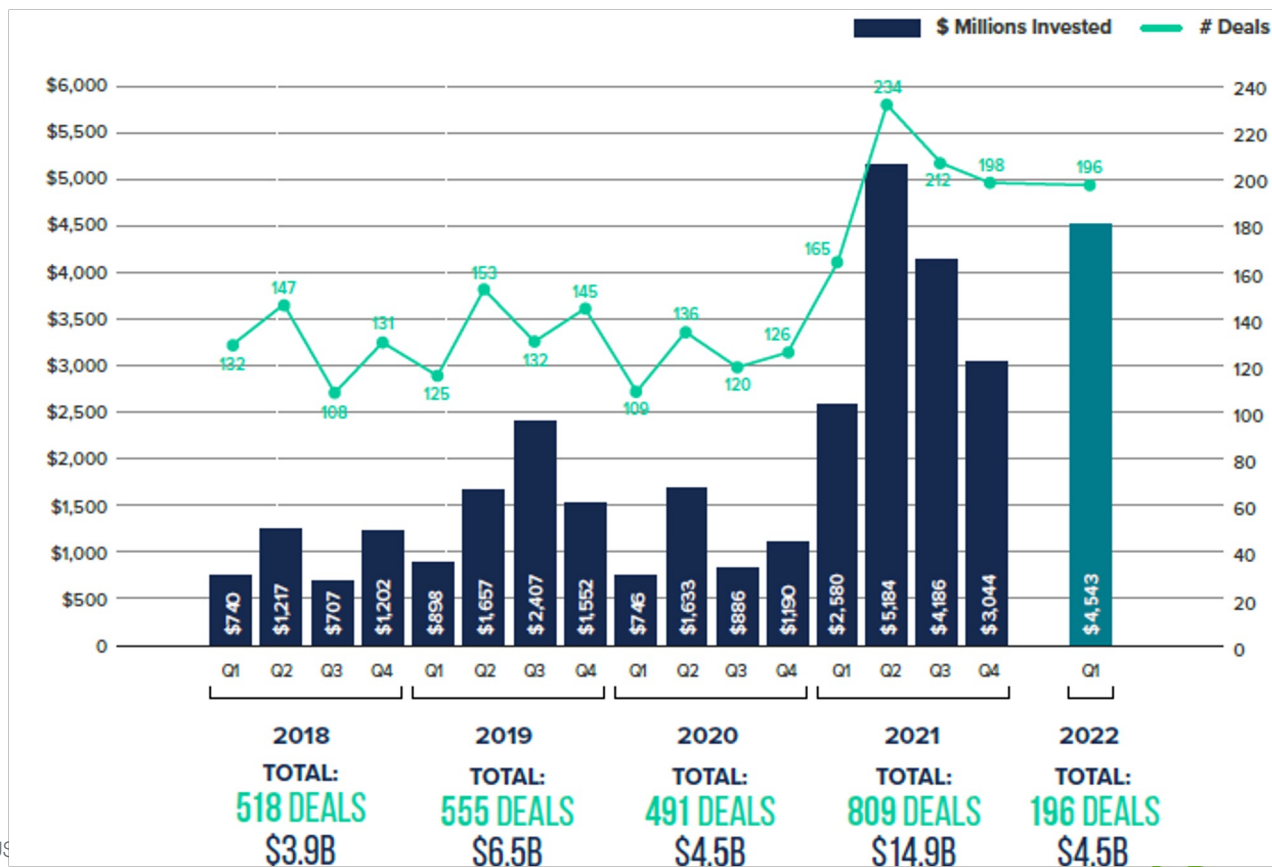
**\$4.5 BILLION**  
total invested into  
**196 DEALS**

	# Rounds	\$ Millions
\$100K - \$500K	7	\$1
\$500K - \$1M	6	\$4
\$1M - \$5M	63	\$164
\$5M - \$20M	49	\$514
\$20M - \$50M	18	\$592
\$50M +	17	\$3,267

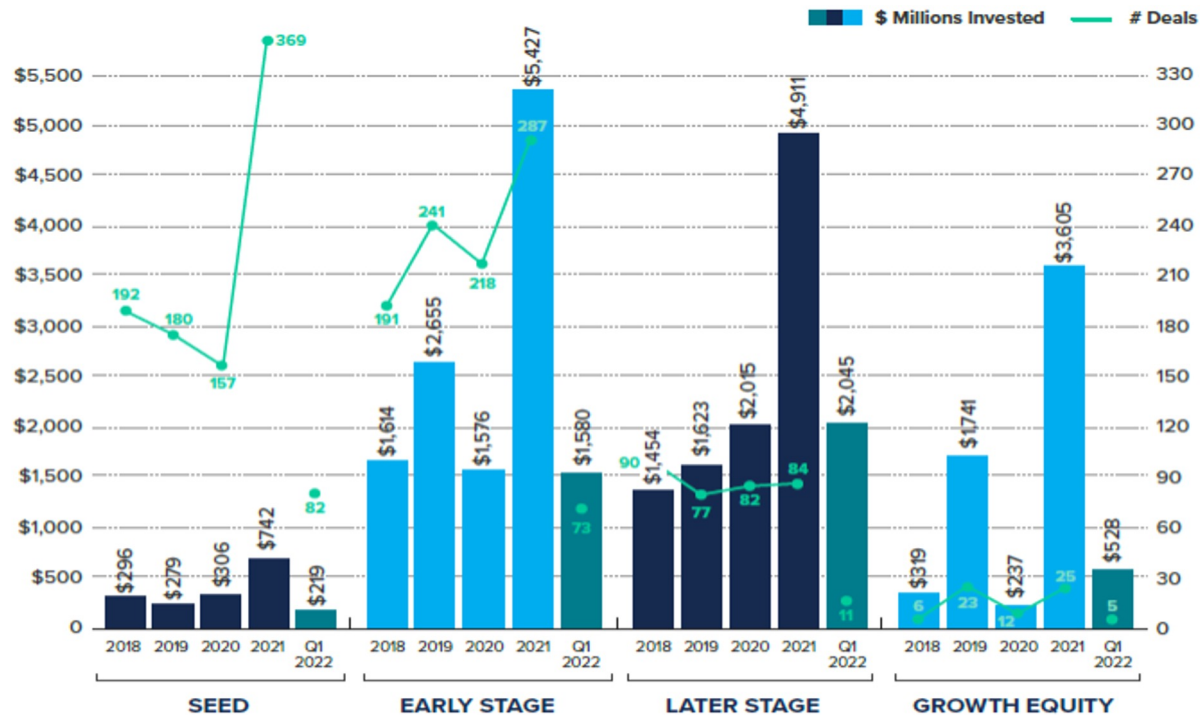
17 MEGA-DEALS (+50M) CLOSED IN Q1,  
**VALUED AT \$3.3B** IN TOTAL



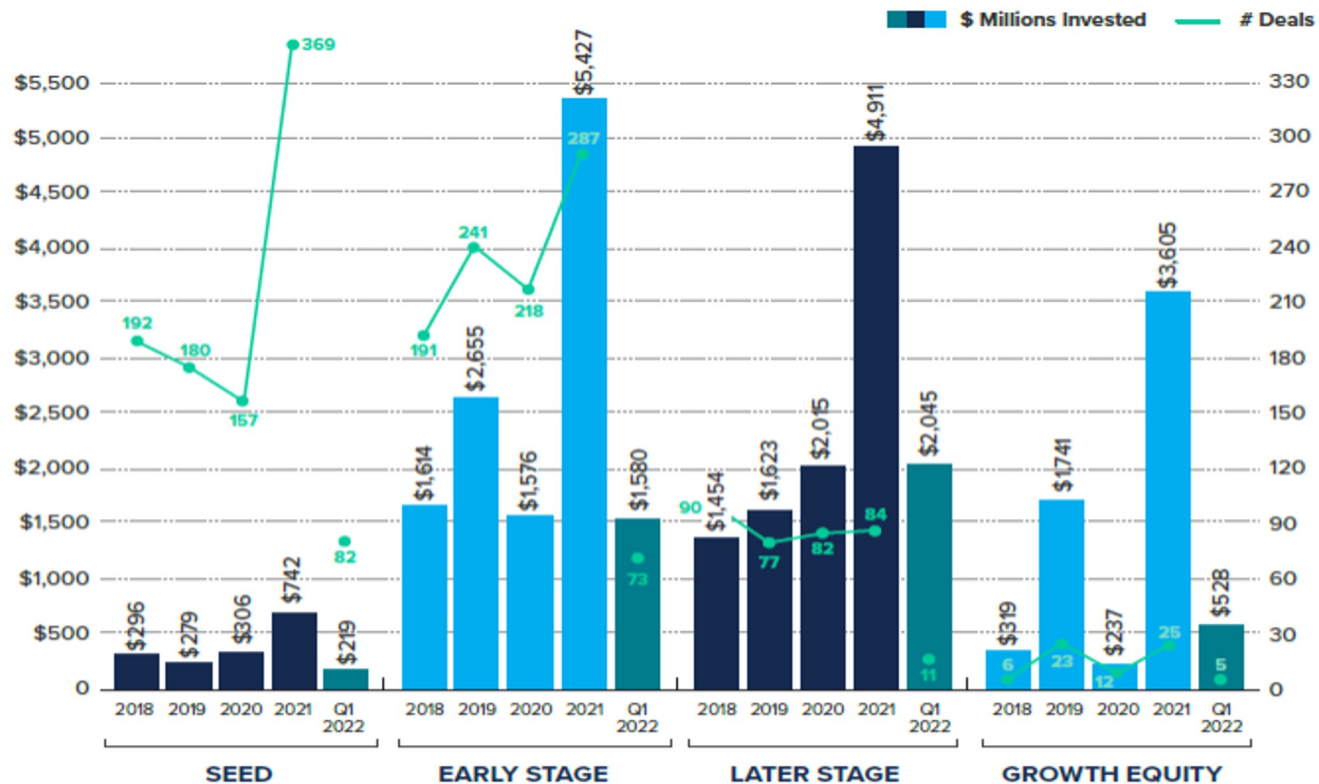
# Stats - CVCA - Q1 2022



# Stats - CVCA - Q1 2021



# Stats - CVCA - Q1 2021



# Stats - CVCA Contributing Firms

## VENTURE CAPITAL FIRMS

7 Gate Ventures	Dash40 Ventures	inovia Capital	Radical Ventures
Accelerate Fund	Emerald Technology Ventures	Island Capital Partners	Real Ventures
AmorChem	EnerTech Capital	Klass Capital	Relay Ventures
Amplify Capital	Espresso Capital Ltd.	Luge Capital	Renewal Funds
Amplitude Ventures	Evok Innovations	Lumira Ventures	Rhino Ventures
Anges Quebec	Fastbreak Ventures	MaRS IAF	Ripple Ventures
Anges Quebec Capital	Ferst Capital	McRock Capital	Roadmap Capital
AVAC Ltd.	FACIT	MEDTEQ	Round 13 Capital
Azure Capital Partners	First Ascent Ventures	Metiquity	ScaleUP Ventures
BCF Ventures	Fonds Innovexport	Mistral VP	Sectoral Asset Management Inc.
Boreal Ventures	Framework Ventures	MKB Growth Equity	StandUp Ventures
Brightspark Capital	Freycinet Ventures	NAventures	Tactico Inc.
Build Ventures	Georgian	New Brunswick Innovation Foundation	Tandem Expansion
CIBC Innovation Banking	Good News Ventures	Northumberland CFDC	TandemLaunch
CIC Capital Ventures	Highline Beta	Panache Ventures	TELUS Ventures
Clanton Capital Inc.	Hike Ventures	Pangaea Ventures	Venbridge Ltd.
Conexus Venture Capital	Information Venture Partners	Plank Ventures	White Star Capital
CTI Life Sciences	Innovacorp	Quark Venture	Yaletown Partners
Cycle Capital Management			

# Tips & Tricks for Managing Investors

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- **Don't run out of cash**
- Meet your operating plan
- Monthly email for investors & interested parties
- Manage investor opinions
- Be careful about handing out Board seats, do it sparingly

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# Q&A

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Venture Capital Director  
TELUS Ventures

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