



Funding Essentials

Fueling how you change the world



New Ventures BC



Change the
world through
innovation.







Vancouver
Campbell River
Seattle
Calgary
Edmonton
Whitehorse
Powell River
Toronto

San Salvador
Tegucigalpa
Managua
San Jose
Lima
San Diego

Piura
Lagos
Port Harcourt
Zurich
Belgrade

Novi Sad
Sarajevo
Skopje
Madrid
Tirana

Manila
Hong Kong
Seol
Da Nang
Ho Chi Minh
Vanuatu

Hanoi
Phnom Penh
Singapore
Bangkok
Jakarta
Fiji

80

80+ Global
Communities

100

100+ Ecosystem
Players Supported

25

\$25+ Million
Raised

750

750+ Alumni
Trained

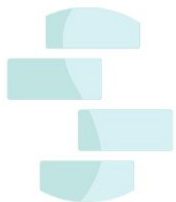
500


500+ Companies
Supported



Agenda for today

- How do I...?
- Goals
- Capital Raising overview
- Different types of funding
- Wrap up & next steps





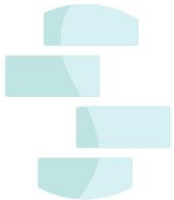
The first steps to Starting Your Round

How to get started



10 steps to a strong start

1. Set goals for the round
 - a. Amount, by when, ideal investors
2. Define the ideal investor and identify targets
 - a. AngelList, CrunchBase, Gust, LinkedIn
3. Select a lawyer with experience with funding rounds
 - a. You wouldn't get a painter to fix your car



How to get started

4. Build your 3-5 year forecast
 - Ideally **3 scenarios**: Base, best, and worst
5. Start your Due Diligence folder
 - Dropbox or Google Drive
6. Ask the lawyer to create the draft financing docs
 - Start with the financing docs, then the term sheet



How to get started

10 steps to a strong start

7. Build your pitch deck

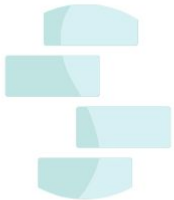
- Get it reviewed (at least 3-4 people)

8. Identify ways to get warm intros to key investors

9. Practice your pitch on others first

10. Start to reach out!

- Warm intros & do your homework on them

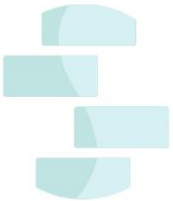




Goal Setting

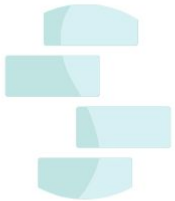
The importance of goals

- Raising capital is a full-time job
 - But not *all* the time
- It needs to be done efficiently
- Goals help you achieve the right round



Key goals to define

- Who is your ideal investor?
- How much do you want to raise?
 - Minimum, Target, Maximum
- What kind of money?
 - Grants, loans
 - Crowdfunding
 - Friends & Family
 - Angel investors
- When do you want the money in the bank?





Questions?



Laying the Foundation

Look at All Types of Funding Equally

You

Friends & Family

Revenue

Grants

Loans

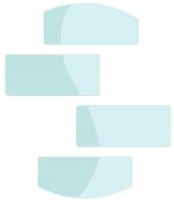
Equity

Equity Crowdfunding

**EVERYTHING IN MODERATION.
EXCEPT CHOCOLATE.**

Except Chocolate by Spot_Of_Tees

Zazzle



Time to Close

Time (in weeks)

2-6

4-26

4-16

12-26

16-52

You +
Friends & Family

Revenue

Grants &
Loans

Crowdfunding &
Equity
Crowdfunding

Equity

Common Paperwork

| Paperwork | Description & Purpose | Typical Stage | Negotiation terms |
|--|---|------------------------------|---|
| Common share Subscription Agreement | Sell basic shares in exchange for cash | Ideation, pre-seed | Share price |
| Simple Agreement for Future Equity (SAFE) | Investment that will convert into equity at a certain point | Bridge to: pre-seed, Seed | Valuation discount and/or cap |
| Convertible Loan Agreement | Loan that will convert into equity at a certain point | Bridge to: Seed, Series A | Interest rate, collateral/guarantees, valuation discount and/or cap |
| Preferred Equity Subscription Agreement + Shareholders Agreement | Special “preferred” shares in exchange for cash | Series A, B, etc | Special Rights |





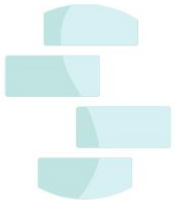
Questions?



Ideal Investors

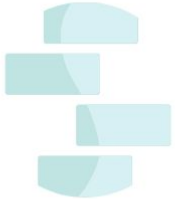
Ideal Investor: Universal Truths

1. Industry
2. Business Model
3. The right network (investors, customers)
4. Has geographic relevance
5. Return and/or exit aligned
6. Focus on impact



Ideal Investor for You

- Aligned values
- Easy to work with
- A long-term partner



Where to Find Them

- **What** they've invested in:
 - industry, business model
- **Who** they've invested in:
 - Other CEOs and investors

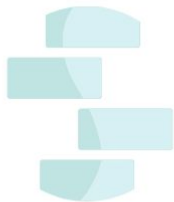
 **AngelList**

gust 

Linked in

cb

 **NACO**
National Angel
Capital Organization

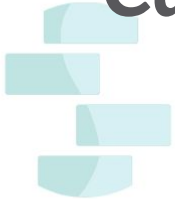


Key Questions: Early Stage Investing

When will I get my money back?

Why else am I doing this?

Can I trust you & your team with my money?



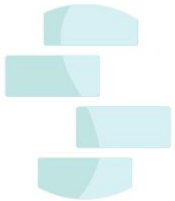
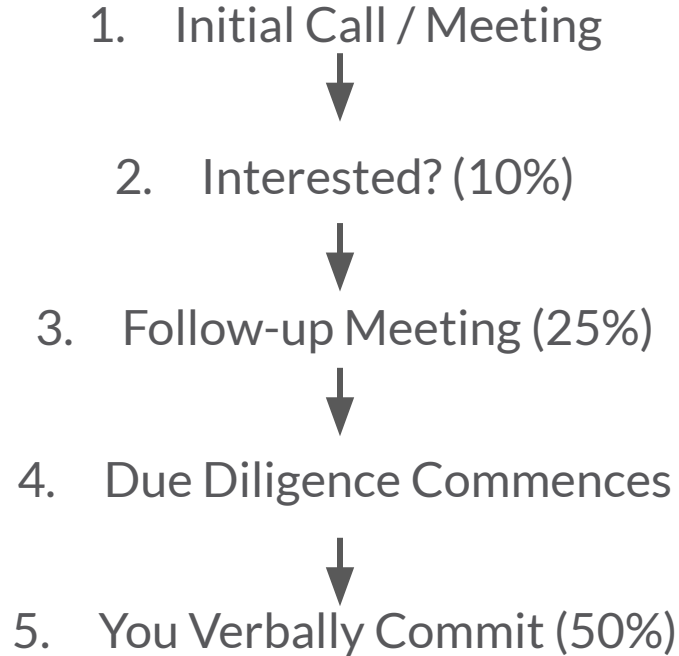


Questions

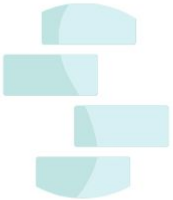
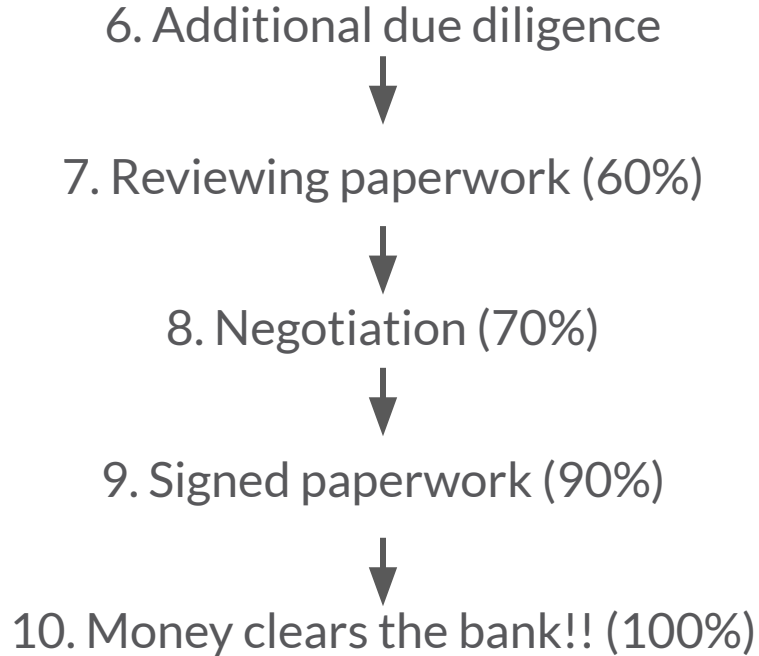


Managing the Funnel

Managing the Funnel



The Funnel

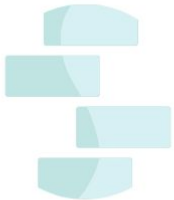




Getting Out There

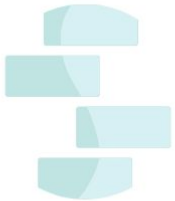
Getting to Them: Prerequisite Checklist

- Know the state of your business
 - Metrics, Wins
 - Financing paperwork
- Pitch deck ready and tested
- Due Diligence
 - Folder Ready
 - Financials - drafted/built and understood
- Team
 - core team in place, profiles in all the right places
- Progress
 - Plan Ahead



Meeting investors

- CEOs they have invested in
 - 2nd/3rd meeting
- Fellow investors
- Stalking on LinkedIn, events
- Asking for advice first
 - Only for been there / done that investors
- Being very precise on fit
- Running it like a sales process
 - Minimum 3 attempts



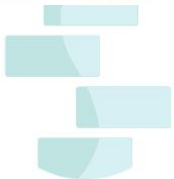
Tips & Tricks

Sample Due Diligence Process

Sample Due Diligence Process



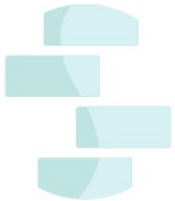
Source: Invested Development, 2013.



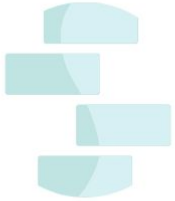
Know your audience



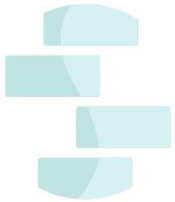
You drive the bus



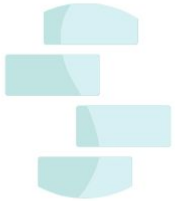
Monthly updates increase success rates



Remember, life happens



Relationships rule





Crowdfunding

Crowdfunding: Increasing alternatives

Impact Analysis of COVID-19

Consumer Discretionary

The Consumer Discretionary sector will see **NEGATIVE** impact due to COVID-19 outbreak and is expected to register a low growth rate compared to the global GDP growth



IMPACT

Market Impact

This market will have **NEGATIVE IMPACT** due to the spread of COVID-19

Pandemic Impact on Market



INDIRECT

Global Crowdfunding Market 2020-2024

Market growth will **ACCELERATE** at a CAGR of almost

18%



Incremental growth



USD 124.35 bn

Growth for 2020

17.11%

IMPACT



Market growth in 2020 likely to **INCREASE** compared to 2019

Expected time by when the impact on market will normalize



Q3-2021 [Best Case]



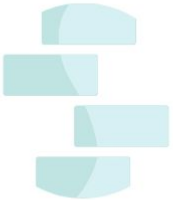
Q1-2022 [Worst Case]



Market estimates to be revisited and updated in Q3-2020, based on the revaluation of the impact as the pandemic spread plateaus. The update will be available free of cost to all customers.

Crowdfunding

- Why?
 - Marketing pre-launch!!
- Physical product component
- You have a well established community
- You have a budget to spend



Equity Crowdfunding

Why?

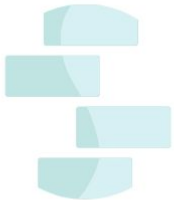
- Marketing & brand BEFORE funding

Good when:

- Investors can easily relate
 - B-to-C, Finance
- You have a well established community
- You have a budget to spend

Caveats

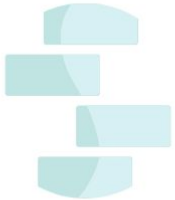
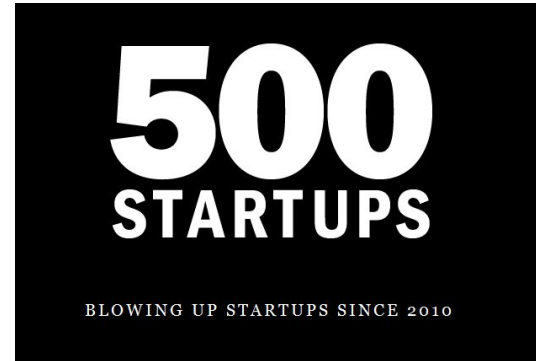
- Varied investor types, perception impact





Surrogate - Accelerators

Accelerators to catalyze a round





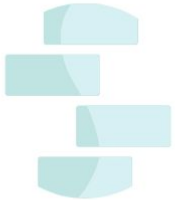
Questions?

A close-up photograph of a baby with light brown hair and a determined, slightly pouting expression. The baby is wearing a green long-sleeved shirt with a white collar. They are holding a small, clenched fist of sand in their right hand. The background is a blurred beach scene with sand and waves.

I can do it!

What's Next?

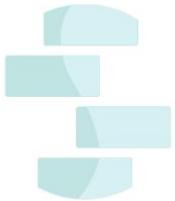
- Fall Impact Investor Challenge: \$100K investment!



Connect With Us



Building your Pitch Deck



Overall: 10-20 Slides

- Title Slide
- Company Tagline
- Problem/Opportunity
- Market
- Market Validation
- Market Size
- Solution
- Product
- Competition
- Business Model
- Traction
- Team
- The Ask

Bonus Slides: After the Thank You

- Financial summary
- 1-2 additional finance slides
- Metrics
- 1-2 additional slides on competition
- Why?
 - Why are you doing this?
- Why Now?
 - If you are in a new space, or have lots of competition, or
 - If people are used to an old way of doing things

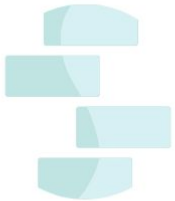
Two Great Pitch Deck Examples



<http://www.slideshare.net/pitchenvy/square-pitch-deck>

























<http://www.slideshare.net/500startups/launchrock>

Competitive Landscape



Matrix Approach

Competitive Landscape

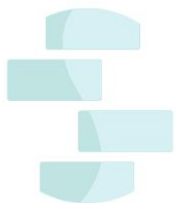
| | A | B | C | Company |
|---------|---|--|---|---|
| Feature |  |  |  |  |
| Feature |  |  |  |  |
| Feature |  |  |  |  |
| Feature |  |  |  |  |
| Feature |  |  |  |  |
| Feature |  |  |  |  |

Quadrant

- Map out competitors based on their brand positioning or key benefits. Your business should be positioned in a clear whitespace, i.e.:



Are you Really Different?



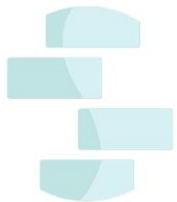
Sustained Competitive Advantage



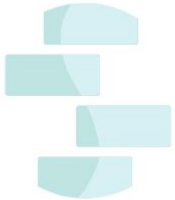
The goal

To show that you will
continue to increase your
competitive advantage over
time

Traction / Progress

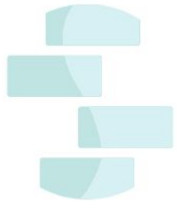


This is the biggest impact on speed of due diligence and round success.



Traction

- Decide now how you are going to frame traction
- What are your key metrics?
- How are they evolving?
 - Sales, users, product development, marketing, PR,



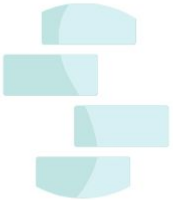
team

Show

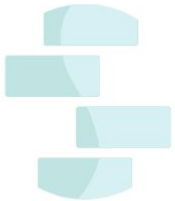
Are you learning?

What are you learning?

How are you adapting?



Financial Forecast



Financial Forecast

- Shows you are smart and understand how it COULD grow
- You understand the levers
- You understand the risks, opportunities, and how to respond to either

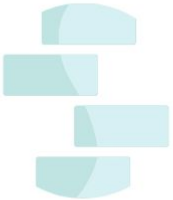


Need to have

Base Case

Worst Case

Aggressive Case



Exercise 5: Draft Monthly Update

[Template](#)



Landscape of Paperwork

| | Common | Convertible Notes | SAFE Agreement | Preferred |
|---------------------|-----------|-------------------------------------|-------------------------------|---------------------------|
| Set Price | Yes | Discount + Cap | Can have caps | Discount |
| Shares | Yes | Not up front | Debt | Yes, with preferred terms |
| Preferred Treatment | Valuation | Interest, on sale, future financing | Convert to pref., no timeline | On sale, future financing |



Grants & Loans

Grants

Pros

- No dilution
- Link to specific projects and opportunities

Cons

- Time & effort to apply
- Reporting and overhead
- Repayment?
- Covenants including guarantees, etc.



NRC Industrial Research Assistance Program Programme d'aide à la recherche industrielle du CNRC



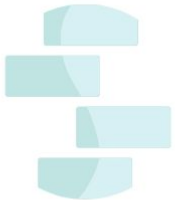
Loans: Pros & Cons

Pros

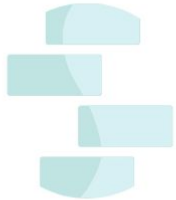
- No dilution
- Can be viewed favourably by investors
- Can help secure grants
- Great pre-launch (small), and once you are cash flow positive

Cons

- Repayment
- Collateral?
- Debt-to-equity ratio
- Death for a Pivot



Loans



Tips

- Consider
 - Pre-launch (loans up to \$60K)
 - When you are profitable and growing
- Have a real Business Plan ready(Futurpreneur)
- Have a 3-5 year forecast (Futurpreneur)
 - Ideally minimum two scenarios

