

Presentation Guidelines

How to present your company as an investment opportunity

Issues to consider

Making the few points that count

The Entrepreneur's Presentation

Eleven *must-have* slides:

1. **Cover** – Business positioning statement
2. **Market** – The need and what customers have it
3. **Solution** – Product, core benefit, protectable technology(ies)
4. **Competitive Position** – Who they are and your defenses
5. **Marketing / Sales / Support** – Channels and skills needed
6. **Business Strategy** – How you plan to grow beyond launch
7. **Financial Projections** The usual spreadsheets
8. **Funding Sought** – Amount , comparables, use of funds
9. **Management** – relevant experience
10. **Milestones** – e.g.: product launch, next funding, breakeven
11. **Exit Strategy** – IPO / acquisition (who?)

Details on following pages...

During screening sessions, each company gets 15 minutes to present its case, and 15 minutes to answer questions from TCA members (about 35 minutes total at dinners).

This document is a *guideline*, not an outline. That said, a good approach is to put the substance on the pages, and summarize each slide's *most important* points orally to the group.

Please, *don't read the slides, verbatim*, to us. TCA members will be following your presentation in their hard-copy handouts, so do not get bogged down in reading the detail to them... instead, speak to the key facts and conclusions you want us to take from each slide.

Good luck!

1. Cover... Business Positioning

The first slide should position the company so TCA members have a framework for listening...

- Company name (and graphics, if appropriate)
- One-sentence “what we do” statement (positioning or elevator pitch)
- Presenter’s name(s)
- For example2

PHOTOShop

A service for professional photographers that increases sales and cuts costs through online:

- ✓ Proofing and viewing
- ✓ Print-order fulfillment

Presenter: I M Photographer, CEO

NoPayeeNoDrivee

Devices dealers install in cars to assure that poor credit risks pay their loans on time:

- Reminds customer payment is due, controls ignition when delinquent
- Cuts dealer’s collection / repossession costs by 80% or more

Presenters:

- J Q Public – President, CEO
- Jane Doe - VP Sales and Marketing

2. Market...

The Need And The Customers

Describe the **need** and the **size** of the market

- Describe what creates the demand for your solution (the benefit customers will pay for)
- Define the characteristics of the companies or consumers that need a solution
- Quantify the opportunity... number of prospects that have the need
- Explain how the market is growing and why

Identify the most important **2 – 3 segments** of the market, and ...

- Estimate market size (customers & potential sales)
- Distinguish the key segments from the broad market and from each other
- Define customers need or want for the solution – the value-proposition

Common TCA Member Questions...

- What specific problem or need do customers have?
- Why is the problem important?
- For whom? That is, who, specifically is the customer?
- How do we know the market exists? What independent evidence can you cite, such as independent market research?
- How large is the specific (narrowly defined) market for your product?
- What growth is expected in this market?
- Are the market size estimates realistic?

- For **industrial** product companies...
 - What 2-3 industries comprise the most important prospects in Year-1? In Year-3?
 - What are the job titles of the buyers (decision-makers) in these prospects?

- For **consumer** product companies...
 - What are the demographics of the 2-3 most important customer segments in Year-1? Year-3?

3. Solution... Your Product or Service

Clearly explain your product(s)... what it is that customers will be buying.

Explain where your product fits within the whole solution to the customer's need, as customers see it. For example:

- Services, technologies or platforms (“enablers”) required to make your product effective
- System, behavior or procedure conversions required to realize the key benefits

Identify your product's value-added (what portion of the whole solution you provide)... and whether customers will see *your* product as being the main component of the solution

Describe the benefits delivered, justifying the cost of the whole solution vs. the expected benefits.

Common TCA Member Questions...

- What, specifically, are the company's products?
- What do the products do?
- Why would the customer buy these products?
- What makes the products unique or special?
- In general, how are they better than other products or alternative methods of solving the problem?
- How much better are they than other solutions?
- Can we demonstrate that they are cost effective?
- What, if any, proprietary technologies are used to make them? Any proprietary process?
- Are there patents? If so, what, specifically, do they protect?
- Why will they be of value to the company?
- What special issues relate to manufacturing the product(s)? Any special materials or processes?
- What special equipment or facilities are required?
- What investment is required to set up manufacturing? For what capacity?
- How do you know you can manufacture the product at a cost that will yield acceptable gross margins?

4. Competitive Position... Competitors & Barriers

Address three barriers to adoption:

- **Big Dogs** – What are huge, well-known companies that have existing products and well-established relationships with your target customers doing? How will they react to your initiatives?
- **Inertia** – What will it take to get customers to change what they are using / doing today?
- **Innovators** – What companies might leapfrog your solution with equal or better solutions?

Explain how you propose to win against the best of these

In particular, describe your strongest barriers to competition... *i.e.*: if you are successful, how you plan to block better-known or better-funded competitors from moving in and taking over

Common TCA Member Questions...

- How else can the customer solve the problem your products solve?
- What are the alternatives?
- How does your product compare to each?
- Why is it better?
- In what ways is it worse?
- Who are the vendors of these other solutions?
- How do they compete with each other?
- Where will you fit into the industry?
- Why will you be able to compete effectively against them for the next ten years?
- Why are you confident that no new entrant will come along with a better solution and blow you away?
- Why do you think you can dominate your market niche?

5. Marketing / Sales / Support

Briefly explain the expected selling cycle

Describe how you propose to reach your targeted customers – focusing on the initial segments

- **Marketing** – To raise customers' awareness of your product and stimulate their interest in buying
- **Sales** – To give *buyers* (buying decision-makers) a convenient way to find out the details and place an order
- **Support** – To help customers understand your product before buying, during installation and in use

If you rely on indirect channels, explain:

- Your approach to reaching *them*
- Whose responsibility it is to raise awareness and generate demand among end-customers
- Who provides pre- and post-sales support

Describe special sales incentive programs (if any)

Common TCA Member Questions...

- What channels of distribution will you use to deliver your products to your customers?
- How will these channels be established? By whom? When?
- What expertise does your company have to execute the marketing / sales program?
- How are you going to stand out among all the established competitors?
- How can you boil down the advantages of your sophisticated technology so prospects will understand it, quickly and easily?

6. Business Strategy... Growth Beyond Launch

Describe the 3-5 year goal of the business

Identify the several most important steps you reaching that goal

Specifically say what you need to do to achieve positive cashflow and how long it will take to get there

Identify specific steps to IPO or acquisition readiness

Place the key steps and milestones on a Gantt chart

Explain the development status... how much work remains before it achieves full functionality?

- Show your intended schedule for *major* product development on a time-line (Gantt chart) covering the next 18 – 24 months
- Identify major development risks or challenges
- Provide estimated levels of effort &/or costs for each product
- Summarize future products' fit with market needs

Common TCA Member Questions...

- What exactly does the company do?
- How has it been funded to date?
- What is the business model? (i.e. what will produce the company's revenue?)
- What kind of gross margins will the company have?
- What level of operating profit can the business generate?
- Do you have (or plan) any corporate partnerships in place?
- What are the significant risks your business faces?
- What needs to be done to finish your first product(s)? What's your next act?
- Do you rely on outside contractors? How much do you license from others?
- What expertise do you have at developing this kind of product?
- What development challenges are most important or difficult to overcome? How do you intend to do so?

7. Financial Projections

Provide a P&L similar to this:

Units Shipped					
Revenues					
Gross Profit					
Gross Margin %					
SG&A					
Net Pre-tax					
Cashflow					
Cum. Cashflow					

Be prepared to explain “dramatic” numbers:

- “Instant” market penetration & dispersion
- “Hockey stick” growth
- Unprecedented margins
- Long periods of negative cashflow
 (“goodness” is positive cashflow in 6 – 12 months)

Common TCA Member Questions...

- What kind of revenues can the business produce, on an annual basis, over the next five years?
- Profits?
- What investment is required to carry the company to the next major level of valuation?
- When do you expect the next rounds to take place?
- What specific tasks need to be accomplished to do that?
- How long will it take? (Try to identify a “next level” that can be achieved in less than 18 months.)
- What investment will be required beyond that?
- To the extent possible, explain key assumptions behind your forecast. And make sure the forecast relates in a logical way to the market forecasts you described previously.
- How will the investor get his money back? Through an IPO? Acquisition? When?

8. Funding Sought... Amount, Valuations, Use

Provide a capitalization table similar to this:

	Pre-Money Valuation	Raise	Post-Money Valuation	Total	Founders	Round 1 Investors	Round 2 Investors	Round 3 Investors	IPO
Round 1	\$ 1,191,892	\$ 700,000	\$ 1,891,892	100%	63%	37%			
					\$ 1,191,892	\$ 700,000			
Round 2	\$ 4,000,000	\$ 2,500,000	\$ 6,500,000	100%	39%	23%	38%		
					\$ 2,520,000	\$ 1,480,000	\$ 2,500,000		
Round 3	\$ 12,000,000	\$ 7,000,000	\$ 19,000,000	100%	24%	14%	24%	37%	
					\$ 4,652,308	\$ 2,732,308	\$ 4,615,385	\$ 7,000,000	
IPO	\$ 45,000,000	\$ 15,000,000	\$ 60,000,000	100%	18%	11%	18%	28%	25%
					\$ 11,018,623	\$ 6,471,255	\$ 10,931,174	\$ 16,578,947	\$ 15,000,000

Identify the major uses of funds for each round prior to IPO or acquisition... this round, prior rounds and next round(s)

Describe the size and composition of your current “burn-rate”

The Tech Coast Angels’ “sweet spot” for investing is a pre-money valuation of \$1.5M - \$3.0M. Expect tough questioning in proportion to any valuation higher than this range

Common TCA Member Questions...

- How much hard-money (cash) have the founders put in?
- How much cash have Directors and Advisory Board members invested?
- What equity is available to recruit key executives?
- How did you arrive at your pre-money valuation for this round?
- What comparables are you using for your proposed IPO/exit round?

9. Management Qualifications... Background, Startup Experience

Focus on the management team, in particular:

- **CEO** – Prior entrepreneurial experience in similar businesses
- **CTO** – Proven know-how in your core technologies
- **CMO** – Proven knowledge of the target markets; strong relationships with channel partners &/or key industrial customers
- **CFO** – Prior IPO or acquisition experience

Identify who is full-time and who is part-time or on the sidelines awaiting funding...

Identify **BOD** and **BOA** members, highlighting any strategic members' value-added

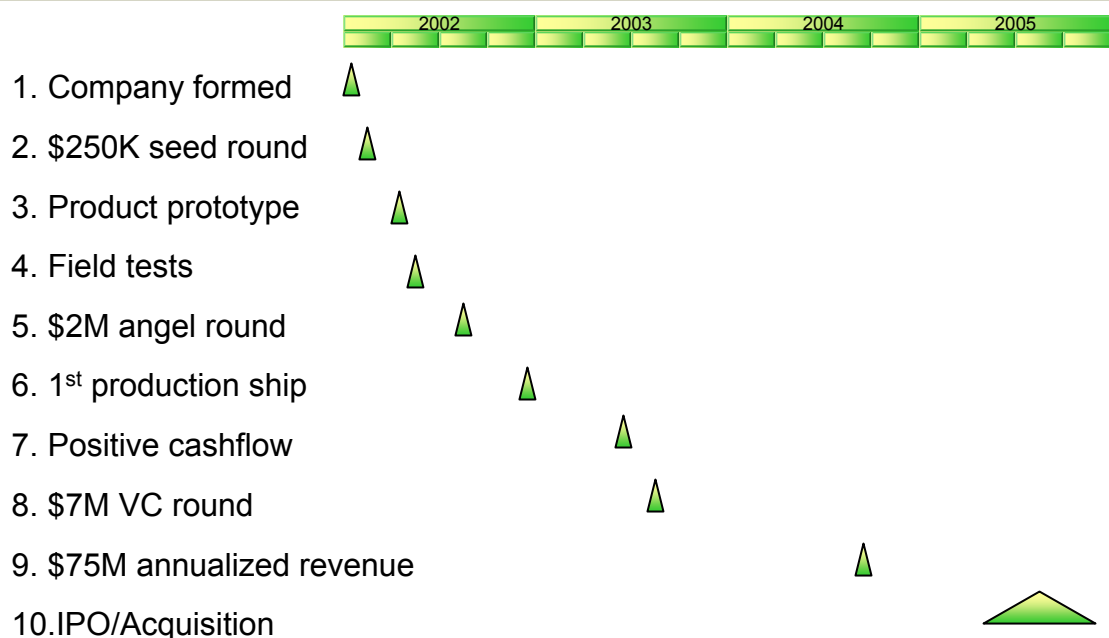
Common TCA Member Questions...

- What is your background and previous experience?
- Where did the idea for the company come from?
- How did you get involved with the company?
- Who is presently involved in managing the company?
- What are their credentials?
- Why will they be able to build a successful company?
- If not all management spots are filled, what is the plan for filling them?
- What kind of people are we seeking? To fill what roles?
- If you do not expect to be the CEO that builds the business to \$10 or 20 million, what kind of person would you bring in? When?
- Who is on your board of directors?
- How does the board function?

10. Milestones...

Business And Financial

Speak to a milestone chart similar to this:



Common TCA Member Questions...

- What is your track record at hitting schedules on similar efforts?
- Are you fully-staffed for the work indicated in the schedule?
- How are you going to get your partners to meet your schedule?
- What makes you think you can achieve this schedule when "X" failed?
- What contingencies have you built into the schedule? The budget?

11. Exit Strategy...

Liquidity – When and How

If shooting for an IPO...

- Cite recent examples of successful comparable offerings, their offering valuation and their current market cap
- Explain why you believe the opportunity will remain when your company is “ready”

If you anticipate being acquired...

- Identify the two or three most likely buyers
- Explain why they would be interested
- If possible, describe recent acquisitions of comparable companies and the deal value

Describe any relationships you already have with potential acquirers, investment banks or VCs that might facilitate your liquidity plans

Common TCA Member Questions...

- Why won't one of your established competitors step in and leapfrog you?
- How long do you think you can maintain your lead, thus preserving your company's value?
- Why would this be an exciting business opportunity for an acquirer?
- Why would it an exciting IPO opportunity?
- What are the three most serious risks the company faces?

- **NOTE:** If you aren't sure how to value the company in the future, use 1 x annual sales in Year-2 and 15 or 20 x net profits in Year-3 as reasonable estimates.

How TCA Assesses Market Opportunity

Value Added

- From the end-customer's viewpoint, how much of the "Whole Solution" does YOUR product deliver?
- What else must the customer buy or do to realize the expected benefits?
- What alliances will you need to complete the solution?

Benefits Delivered

- **Business market...**
How much can your product increase revenues or lower costs?
- **Consumer market...**
How much happier, healthier or richer will it make the customer?

Are there enough potential customers to make a business thrive?

