

FirstAngelsJA

PITCH Deck Guidelines For Investee Companies

The Pitch

- The Angels are your audience
- You must capture their attention in the first 60 seconds
- Show your passion for the business
- Maintain eye contact
- An effective pitch is no more than 12 -16 slides
- Use words sparingly. Be concise.
- Deliver your presentation in 10 minutes.
- Tell your story and make it a compelling one
- Help the Angels get a picture in their heads.

Above all: Rehearse. Rehearse. Rehearse!

The Pitch

The success of your pitch depends on the clear & defensible presentation of an opportunity (big problem + big market), your plan for addressing it (your solution) and identifying the team that is uniquely positioned to do so.

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Resources:

Angel Capital Foundation • Angel Resource Institute •
Ohio TechAngels
The Entrepreneur's Handbook
TechColumbus

1. Title Slide

- Introduce yourself and your role in the business
- Feature company name/graphics
- Deliver your two-line elevator pitch
- Share a brief company history
- State why you are there

Spend less than 2 minutes on this slide

2. Market Problem

- Clearly communicate the “pain/problem” in the market and lay the foundation for the following slides
- Provide two example that relate to your solution’s “unfair advantage”
- **Include these key points**
 - How do you know there is a “problem” in the market?
 - What is the size of the market?
 - What are the market needs? How does it change and grow over time?
 - What is the cost of the problem?

3. Your Solution

- ❑ Discuss how your product or service solves the marketplace problem for customers
- ❑ Sprinkle in your personal experience from talking with customers
- ❑ Do not get mired down in the technology
- ❑ Focus on customer benefits

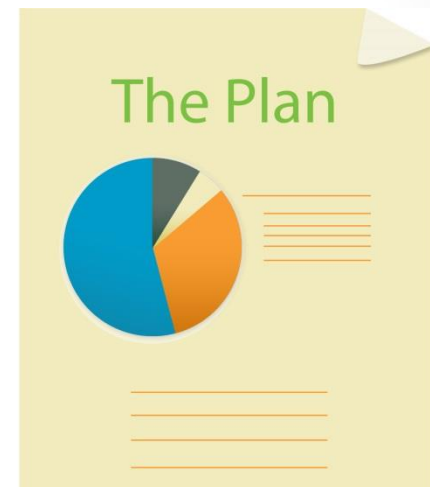
Include these key points:

- The Offering - What specifically are you offering to whom? What's your differentiator or unique competitive advantage? Team, relationships, IP, new insight?
- Clearly quantify three or four key benefits you provide, and who specifically realizes these benefits.
- Highlight the elements of your business that give you potential for leverage and scale as you grow.

4. Business Model and Sales

- Describe how your product or service generates revenue for the company
- Keep the explanation simple

- **Include these key points:**
 - How do you charge?
 - What is your pricing strategy?
 - What is your channel strategy for reaching initial customers?

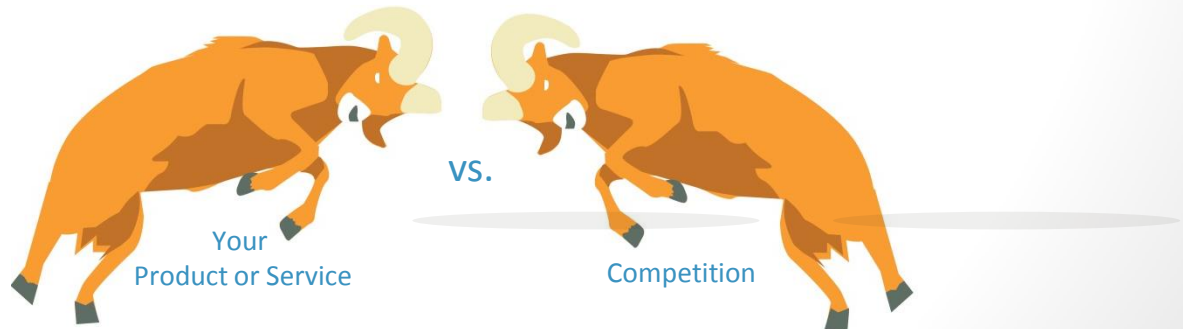


5. Market Demand

- ❑ Quantify the market by size, segments, and sales
- ❑ Avoid sky-high numbers; ensure they are realistic
- ❑ Characterize the key attributes of target customers
- ❑ Show the urgency of the product or service needed

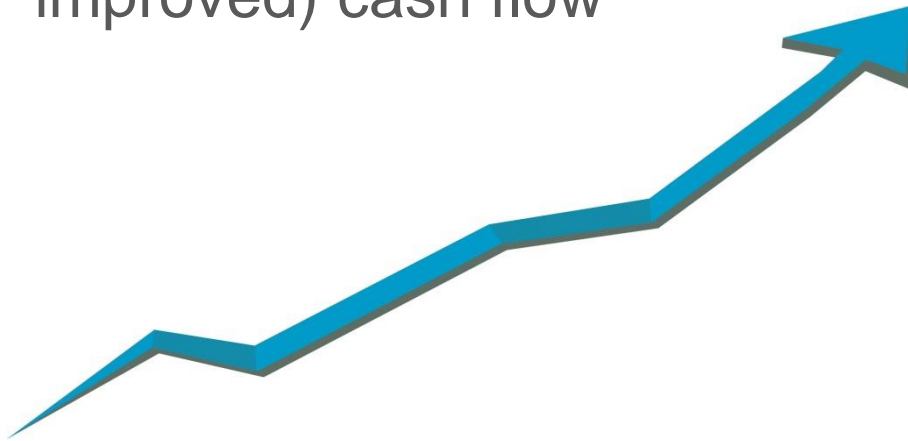
6. Competition

- ❑ Create a comparison chart of competitors
- ❑ Include large and small companies, those who are established and better known as well as the up-and-comers
- ❑ Describe what it will take for customers to change from what they are using today
- ❑ Describe your strongest barriers to competition



7. Growth Opportunities

- Describe the company growth potential
- Avoid over-reaching with the growth figures
- Use your research to illustrate the nature of market growth
- Specify the milestones that will produce positive (or improved) cash flow



8. Management Team

- Show the strength of your team as individuals and evidence of how effectively you work as a team
- Use concise bullet points to highlight key experience
- Indicate full-time/part-time
- Highlight current Board of Advisors/Board of Directors

Include these key points:

- Entrepreneurial experience
- Years in target markets
- Functional expertise
- Experience with start-ups, acquisitions and IPO's



9. Financial Projection

- ❑ Focus on the bottom line. How much capital is needed to reach breakeven and profitability?
- ❑ Match critical milestones to capital needs
- ❑ Base projections on assumptions generated from market study and analysis
- ❑ Project realistic revenues

- ❑ You must be able to explain:
 - Short-term market adoption and penetration
 - “Hockey stick” growth
 - Margins greater than the norm
 - Extended periods of negative cash flow

10. Example: Financial Analysis

	Latest Actual Financials	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Revenue (\$'000)	128	1,200	5,400	13,600	24,300	36,000
Cost of Goods Sold (\$'000)	82	650	2,200	5,200	9,100	13,300
Gross Profit (\$'000)	46	550	3,200	8,400	15,200	22,700
Gross Profit %	35.9	45.8	59.3	61.8	62.6	63.1
Operations/G & A (\$'000)	151	540	1780	3600	6300	8100
Profit/(Loss) Before Tax (\$'000)	(105)	10	1420	4800	8900	14600
Profit/(Loss) Before Tax (%)	-82%	0.8%	26.3%	35.3%	36.6%	40.6%

11. Investment Strategy and Uses of Funds

- Outline the capital needed to achieve profitability
- Represent capital needs/uses by round matched to key milestones to be completed
- Highlight in a sentence the risks associated with key milestones
- Include a current Capitalization Table
- Identify the current burn rate

12. Example: Funding Sought/Valuation Chart

	Pre-Money Valuation	Amount of Funding Sought	Post-Money Valuation	Founders	Seed Round Investors	2nd Round Investors	3rd Round Investors
Seed Round (\$)	1,250,000	500,000	1,750,000	1,250,000	500,000		
				71.4%	28.6%		
2nd Round (\$)	3,000,000	1,500,000	4,500,000	2,142,857	857,143	1,500,000	
				47.6%	19.0%	33.3%	
3rd Round (\$)	4,500,000	2,000,000	6,500,000	2,142,857	857,143	1,500,000	2,000,000
				33.0%	13.2%	80.1%	30.8%

13. Company Milestones

- Include a milestone chart to illustrate past and future business and financial accomplishments
- This chart will tie to all milestones, assumptions, sources and uses of cash that have been expressed in the presentation

- **Include these key milestones:**
 - Company formation
 - Technology or product achievements
 - Past and future capital rounds
 - Break-even and cash flow
 - Exit

14. Example: Company Milestones Chart

	2014				2015				2016				2017			
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec
Company Formed			●													
\$30K Proof of Concept					●											
Product Prototype						●										
\$100K Seed Round							●									
Field Tests							●									
\$500 Angel Round									●							
Positive Cash FLOW									●							
\$2M VC Round											●					
\$50M Annualised Revenue													●			
IPO/Acquisition																●

15. Risk Assessment

- Potential investors know that entrepreneurial companies are risky
- Share your risk assessment with potential investors as honestly as possible
- Segment risk by product, market, operation, finance, and execution
- Strike a balance between optimism and realism



16. Liquidity

- **Realistically** relay the specifics of your exit options

- **Acquisition**

 - Identify at least two potential buyers and why they would be interested

 - Describe recent comparable transactions, if any

 - Express any current relationships with potential acquirers

- **IPO**

 - Describe recent comparable offerings, if any

 - Be prepared to explain why your company could be an IPO candidate

Rules for the Pitch

- Rehearse. Rehearse. Rehearse
- Find out who will be in the audience so you will be able to “speak to them”
- Show up early and only bring key personnel
- Business attire only
- Use appropriate social skills, no off-color jokes
- Know your stuff; don’t read the slides
- Be passionate but not annoying
- Be courteous and respectful
- Use simple pictures, graphics and avoid extremely abbreviated text
- Use no more than 4 bullets per page, and 4 words per bullet
- Let the Angels know how your business makes money
- Be prepared to answer questions
- Be open to recommendations from the Angels

In summary, your Deck should answer these Questions:

- What problem does your company solve?
- Who is the target user of the product or service offering?
- Why would someone purchase your product or service?
- What is the market potential for your company's product or service?
- How do you plan to acquire and keep customers?
- Who are your competitors?
- What gives your company a competitive advantage?
- What makes your business different or unique?
- Does your company have proprietary intellectual property?
- What is the planned "Use of Funds"?
- When will the company reach break even?
- What are the primary risks facing your business opportunity?
- What is it about your management team that makes it uniquely capable of executing on this business plan?
- What are the exit scenarios for the founders and investors?

Words You Should Never Say!

- This is the best deal you will ever see
- No one else does what we do
- We are chasing billion dollar markets
- Our intellectual property is solid
- We don't have any competition.
- Big corporations are too slow to be a threat
- Our financial projections are conservative
- We just need a 1 to 2 percent market share to meet our projections
- Our margins exceed 10 percent
- A big corporate partner is about to sign on
- Key employees will join us at funding
- Revenues are not our current focus



And the ultimate turn-off:

Several Angels are interested in funding our plan