



The Investor Pitch

Michalis Faloutsos,



What we present here

- The structure of an investor pitch
- Tips for a successful pitch
- Physically doing the pitch





What is the investor pitch

- The most critical summary of your business
 - The “presentable” version of your Lean Canvas
- Three key points to convey
 - This is a real problem and market
 - We have a novel solution
 - We are the team that can execute
- Important:
 - have indications of market traction, +feedback





The structure of a pitch

0. Cover slide
1. Overview
2. The problem
3. The solution
4. Biz model and market
5. Competitive advantage
6. Competition
7. Marketing and sales
8. Management Team
9. Financials
10. Current status
11. The ask: how much \$
12. Summary

From Barringer's book Sample Business Plan Presentation
With some **modifications**



Some things to keep in mind

- You should hit all these “points”
- Move slides for better flow
 - However try to keep slides focused
- Some slides could be merged
 - Be careful not to miss making the point



0. Cover slide

- Company name and logo (and tag line)
- Contact information
- Eye catching picture, relatable to pitch

- Good to personalize:
 - Mention who you are presenting to
 - Date



1. Overview

- Briefly what you do
 - Problem
 - Your solution
 - The potential
- Some people skip this slide
 - Use one if it “strenghtens” your pitch



2. The problem

- What is the pain?
 - Why are users/customers unhappy?
 - What do they lose?
- Validation of the problem
- Extent and scope of the problem
 - Is the problem growing?



3. The solution

- What do you provide?
 - The novelty of your solution
- How does this solve the problem better?
- Why other's can't easily copy you



4. Business model and market

- Business model (unless in solution slide):
 - What you sell and how
 - Who is your customer
- What is the size of the market
 - Ideally with a graphic plot or some numbers
- Top down and bottom up market size
 - TopDown: \$12B market segment
 - BottomUp: With 100 customers = \$1M/year



5. Competitive advantage

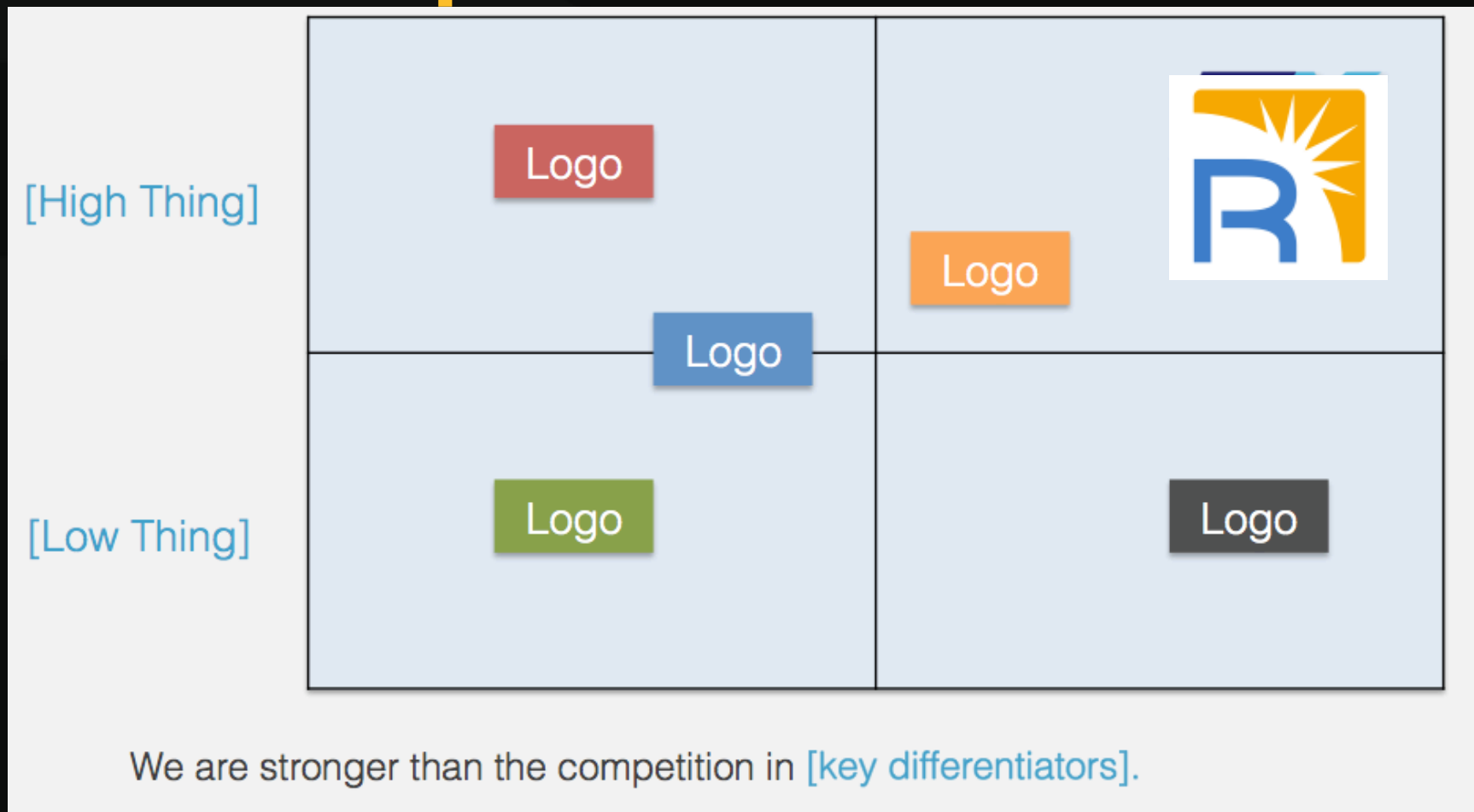
- What is your advantage over competitors?
 - How is your technology unique
 - How approach better (in tune with...)
- Do you have patents?
- Show screenshots of prototype

6. Competition

- Discuss direct, indirect, future competitors
- Convey that you know who they are
- Could mention what worries (carefully!)
 - Shows realism



6.1 The quadrant



The two dimensions must be meaningful and defensible:
eg cost, ease of use, requiring manual effort, size of customer

6.2 The checklist

Checklist Table for PowerPoint

You can edit this subtitle

Features	Others	Others	Others	Our solution
This is a sample text	✓	✓	✓	✓
This is a sample text	✓	✗	✗	✓
This is a sample text	✗	✓	✓	✓
This is a sample text	✗	✓	✗	✓

- Make sure you have meaningful features

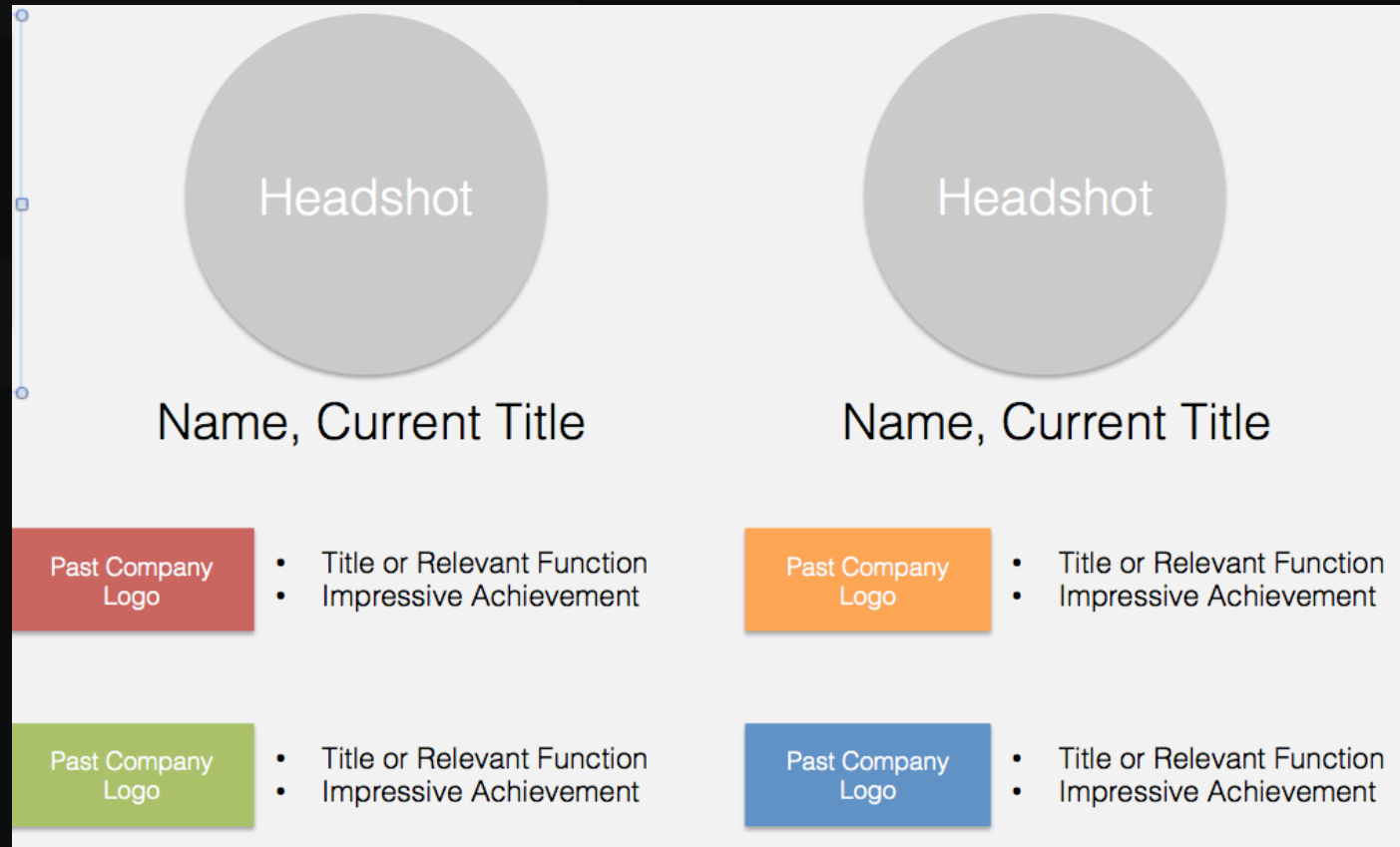


7. Marketing and sales

- Describe the marketing strategy
- Describe your pricing
- Talk about sales process:
 - Why and how you get people to sign up?
 - Mention early successes
 - Add their logos



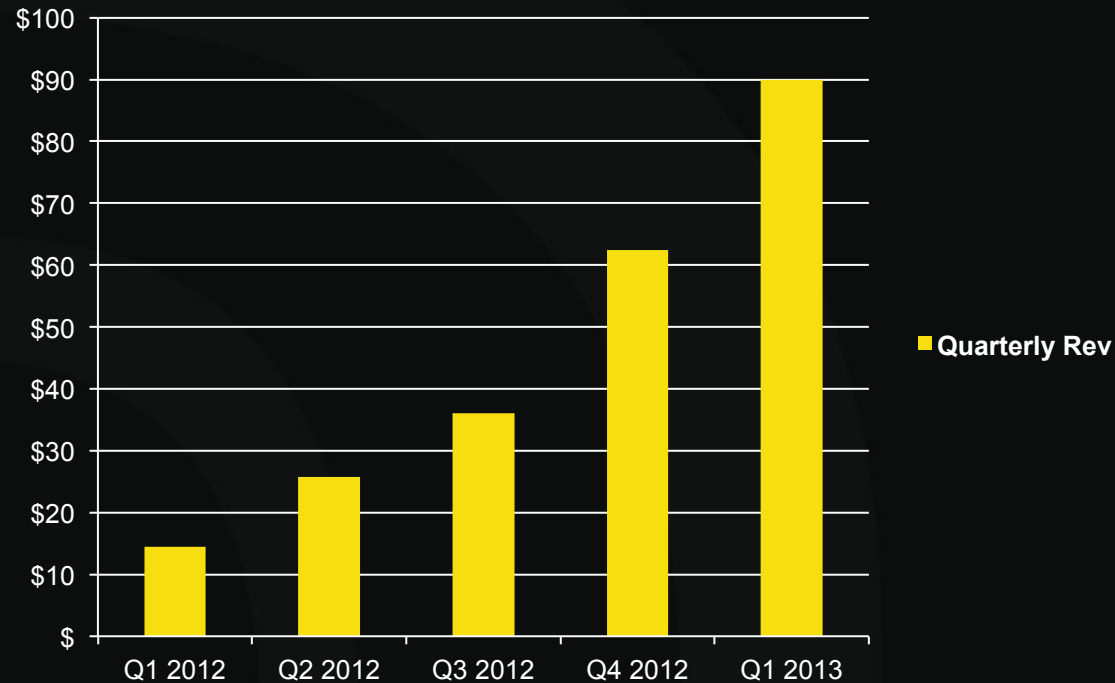
8. Management team



- Key message: we are the right people to do this!
- Mention “big name” advisors or other people that can help



9. Financials



- You want to show your income projections
 - Either high level revenue or details (next slide)



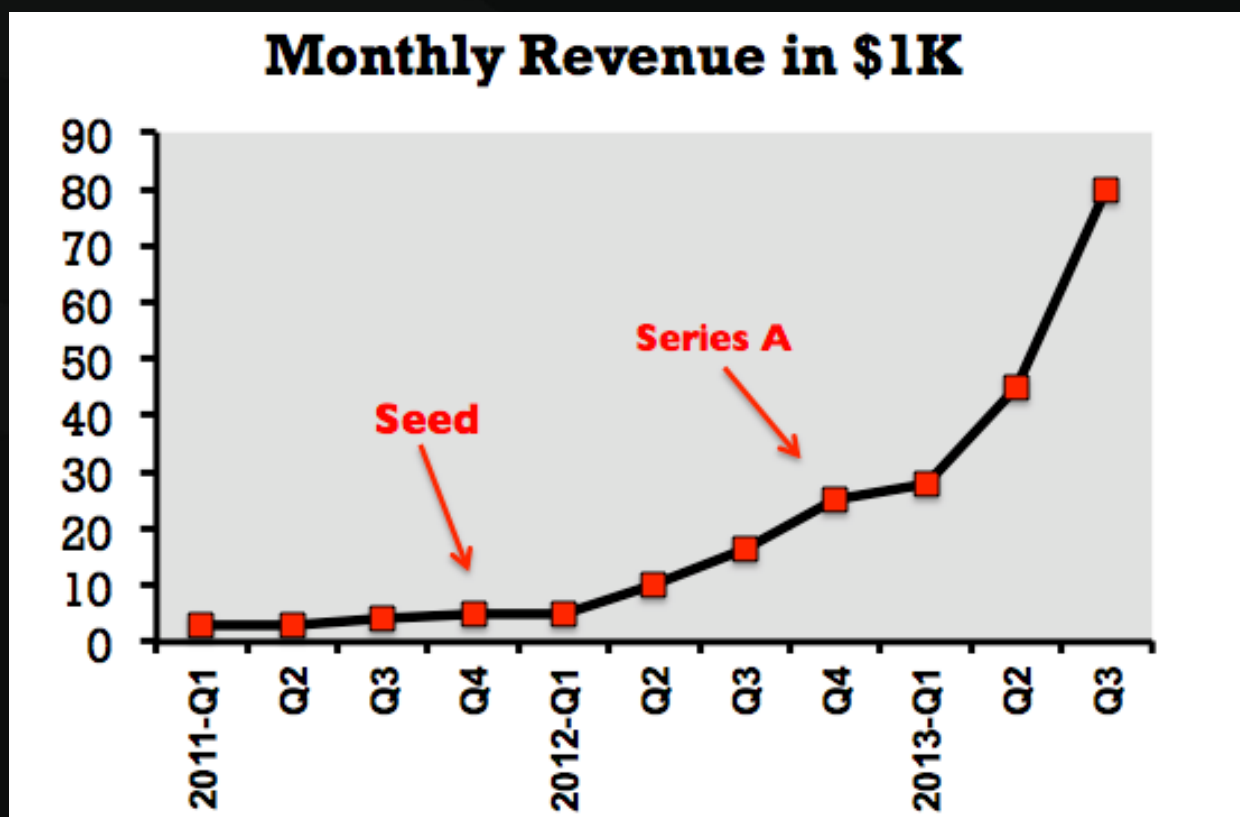
9.1 Financials in detail

USD x1,000	2012	2013	2014	2015
Billings:				
License, Hosted	70,000	1,299,000	3,090,000	5,820,000
License VARs	1,000	694,000	5,250,000	18,900,000
Direct Enterprise	40,000	362,400	2,172,000	5,784,000
Direct online	40,000	503,600	2,576,000	10,320,000
OEM	0	96,000	296,000	812,000
Total Billings	151,000	2,955,000	13,384,000	41,636,000
Expense:				
R&D	499,793	1,769,000	3,538,000	5,307,000
G&A	59,000	192,000	384,000	576,000
Marketing	255,000	516,000	1,032,000	1,548,000
Sales	307,600	1,459,200	2,918,400	4,377,600
Support	0	0	0	0
Total expenses	1,121,393	3,936,200	7,872,400	11,808,600
Profit	-970,393	-981,200	5,511,600	29,827,400

- More detailed income and expenses



10. Current status - history



- A visual is best with y axis revenue or number of customers or some other metric of growth



11. The ask

- Be clear on what you ask:
 - Seed: \$500K-1.5M, or Series A \$3-5M
- Explain what it will be used for
- What milestones will be reached





12. Summary

- Summarize the strongest points of venture
 - Important problem, inadequate solutions, costly to customers
- Summarize key points for your success
 - Team, competitive advantage, traction
- Invite questions



Tips for the slides

- Be focused: 10-12 slides, 20 mins
- Use large fonts (30 points)
 - Pitching slides vs reading slides
- One key message per slide
- Avoid wrapping lines
- Use images, but avoid distractions
- Focus on strong points
- Avoid distracting design and gimmicks
 - Dark versus light background



Avoid the typical pitch errors

- Explain what is the problem
- Explain what you sell
- Explain who is the customer
- Avoid drowning strengths in details
- Don't be naively optimistic



Presentation tips

- Practice the talk
 - You should not have to read the slides
- Be animated: voice, gestures
- Make it conversational and personal
 - Tone or use of stories
- Understand your audience
- Use (safe) humor
- Don't be defensive, but exude confidence
- Take notes when they give feedback



Some resources

- Kawasaki chapter 3
- Understanding investors – common mistakes:
 - <http://www.forbes.com/sites/allbusiness/2014/08/20/28-common-mistakes-startups-make-when-pitching-to-investors/#7141ea615ba3>
- Other pitch template ideas:
 - <http://nextviewventures.com/blog/free-startup-pitch-decks-template/>
 - <http://goo.gl/IZOsDi>



Conclusion

- Pitching is a science and an art
 - Everybody can do a good pitch
 - Few people can be exceptional
- Practice, observe, listen, adapt
- There are rules, but some flexibility is ok