

Startup Financing 101

**Strategies for Pitching,
Financing & Growing Your Web
2.0 Startup**

Who

- Jeff Clavier
 - SoftTech VC
 - Business Angel
 - Startup Advisor
 - Hacked in C/C++, CTO/VP Engineering, General Partner at Reuters Venture Capital
 - Started investing in Web 2.0 3 years ago
 - More: softtechvc.com, blog.softtechvc.com and twitter.com/jeffclavier

SoftTech VC



4/14/2007

‡: Advisor

5/7/2007

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Agenda

- Ten Points
 - The Idea
 - The Team
 - The Company
 - The First Money
 - The Pitch
 - The VC Process
 - The Funding Process
 - The End of the Beginning
 - The Growth
 - The Exit
- You Q, We all A
- Resources

The Idea

- Our questions:
 - Value ?
 - Market
 - Adoption: scale, speed
 - Different ? Better ?
 - Company ?
 - No want no feature
 - Cost of failure ?
 - Can you pull it off ?

The Team

- Our questions:
 - Relevance
 - Experience
 - Smarts
 - Hunger
 - Vision

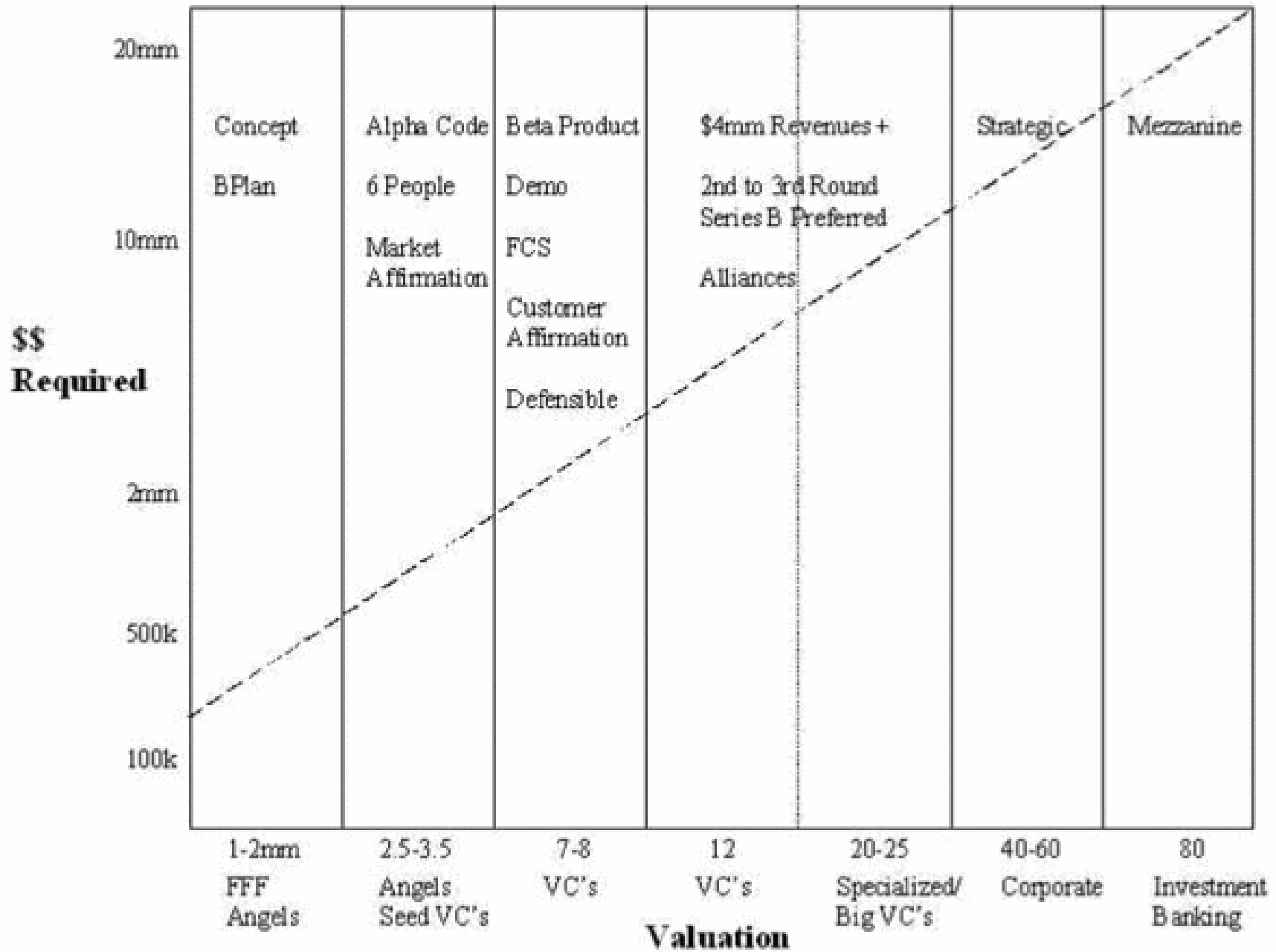
The Company

- Your questions:
 - When to incorporate
 - Structure:
 - C Corp
 - Lawyered
 - Founder equity split
 - Initial funding ?
 - Main/side job ?

The First Money

- Your questions
 - Sources ?
 - “Right” Amount ?
 - Valuation/dilution ?
 - How do I find ... ?
 - How do I choose ... ?
 - Can I reference ... ?
 - Help ?
 - Overall strategy ?
 - Build to last ?

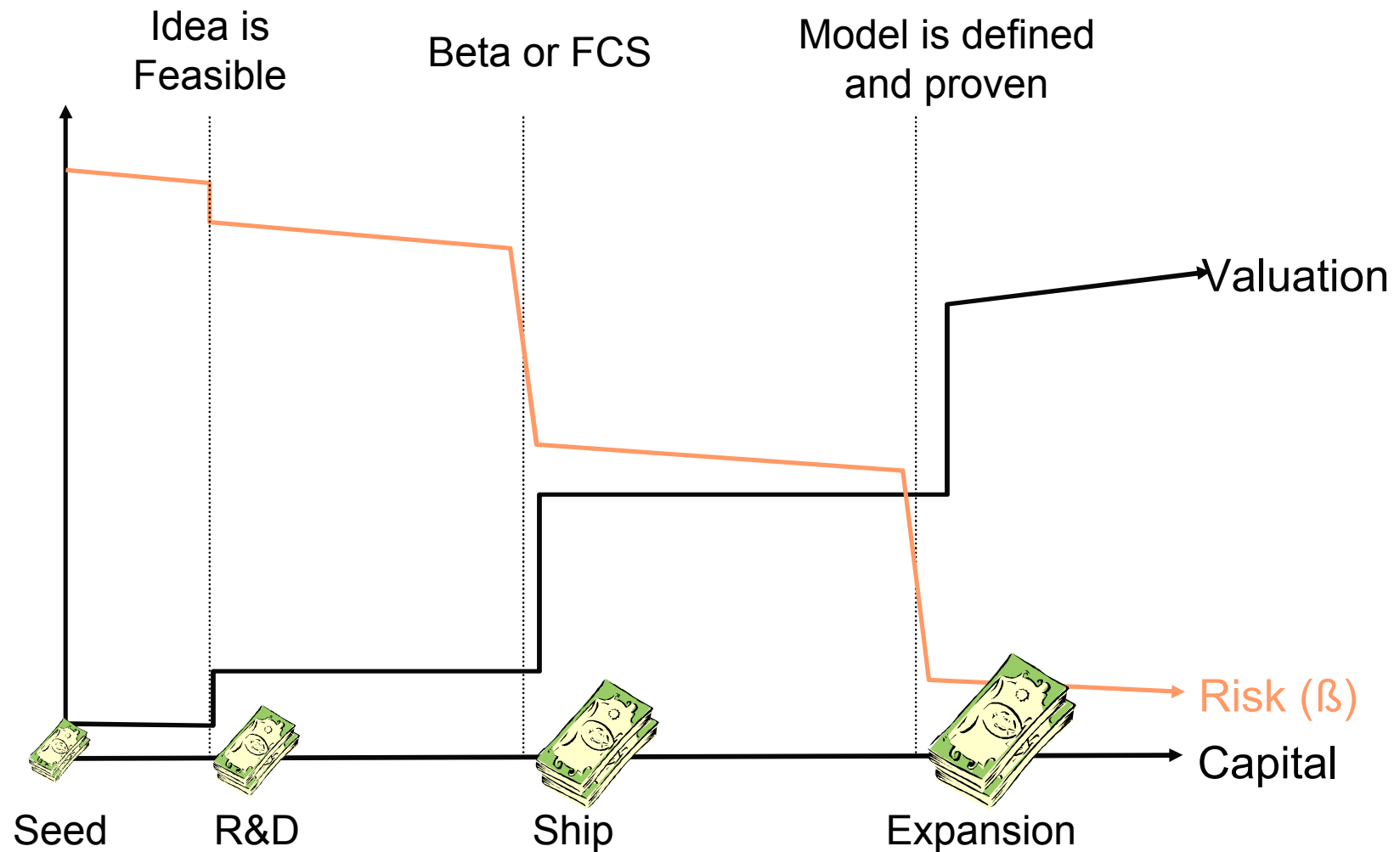
Funding Source Matching



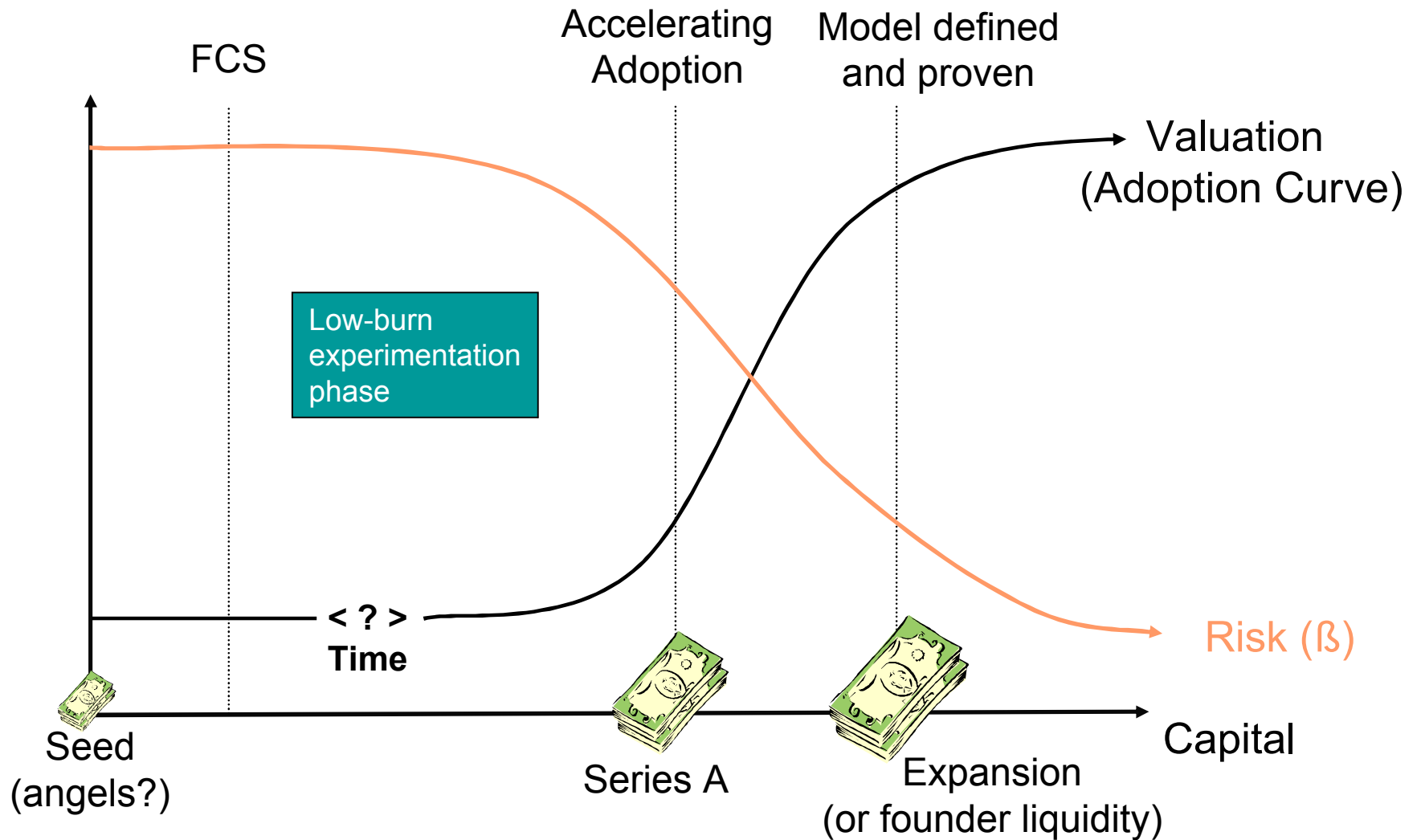
Source: Redleaf Ventures

Note: amounts and stages are only indicative since they vary according to investment sectors

Funding Model: “Farm Raised”



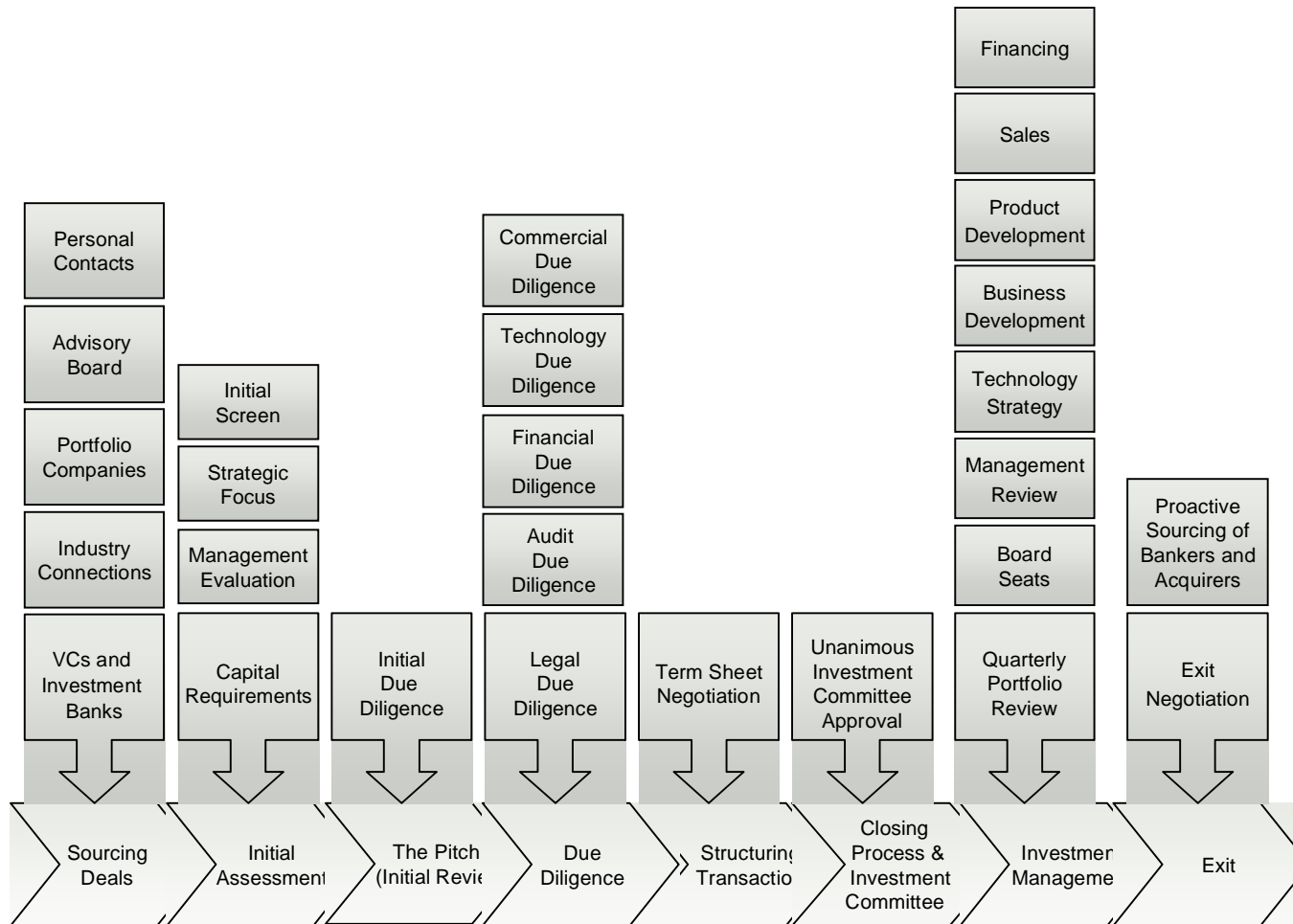
Funding Model: “Free Range”



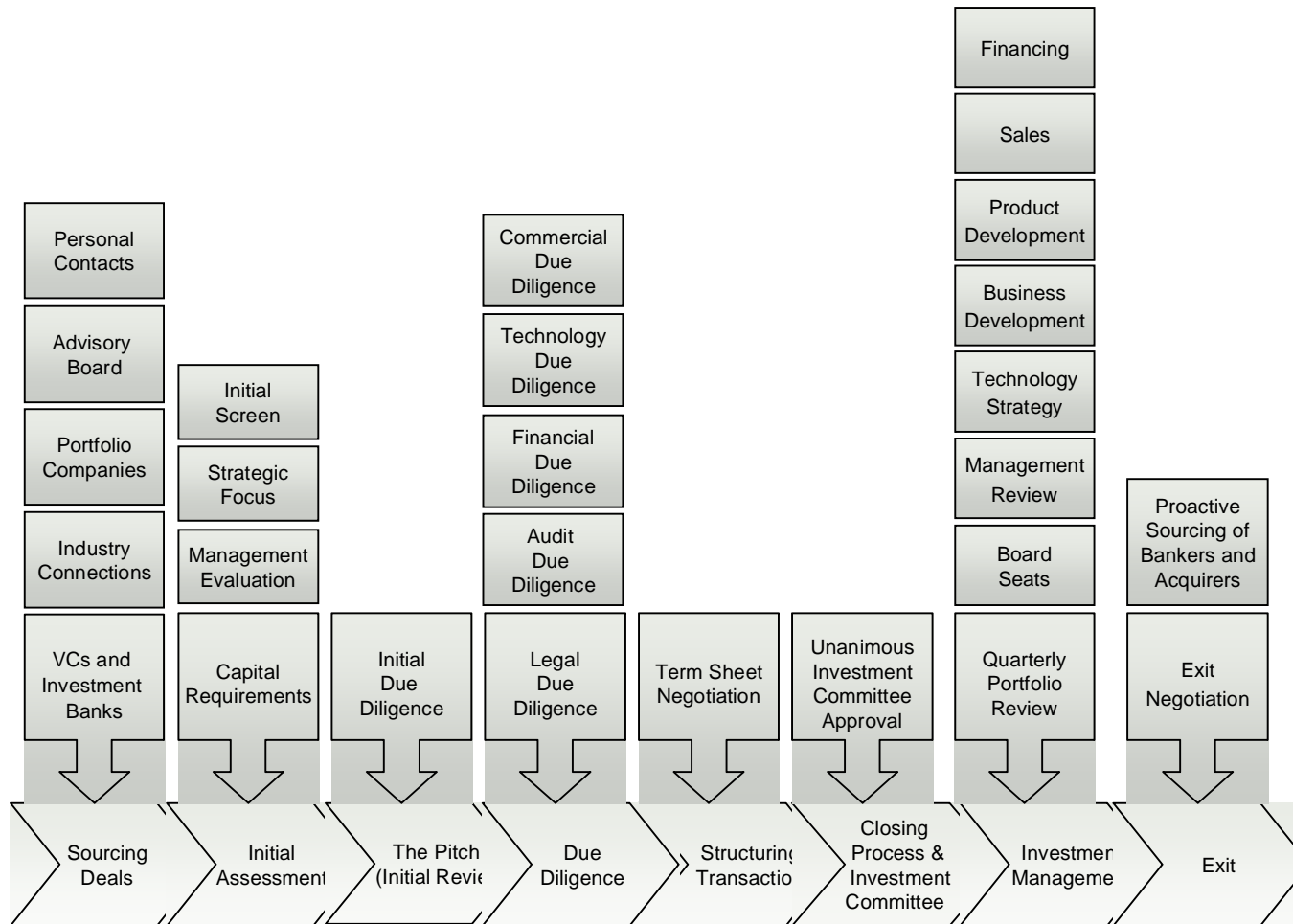
The Pitch

- Your questions
 - Objective ?
 - Length
 - Focus
 - Content
 - How do I practice ?

The Process



The VC Process



The Funding Process

1. Pitch
2. More pitches
3. Due diligence
4. More pitches
5. Partner's meeting
6. Termsheet Issued
7. Terms negotiation
8. More due diligence
9. Legal docs negotiation
10. The funding
11. Money in the bank
12. Get to work

The End of the Beginning

- Your questions
 - The Board
 - Investor relations
 - Existing
 - Future
 - When to raise more money ?
 - How fast to grow ?

The Exit

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The Growth

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You Q, We A

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Resources

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Top Seed/Early Stage VCs (Internet)

- Accel Partners
- August Capital
- Benchmark Capital
- Bessemer Venture Partners
- Draper Fisher Jurvetson
- First Round Capital (Seed)
- Founder's Fund (Seed)
- General Catalyst (East Coast)
- Greylock
- Kleiner Perkins Caufield & Beyers
- Matrix Partners
- Mayfield
- NEA
- Norwest Venture Partners
- Polaris (East Coast)
- Redpoint
- Sequoia Capital
- Trinity
- True Ventures (Seed)
- Union Square Ventures (Seed/East Coast)
- USVP

Note: this list is not meant to be completely exhaustive

Tools

- Professional databases:
 - Dow Jones VentureSource and VentureWire
 - Thomson VentureXPert
 - PWC MoneyTree
- Reports:
 - Analysts, Investment Bankers, Companies
- Publications:
 - VC and Industry Blogs, PE Week

Resources

- Networking, Networking, Networking
 - STIRR, SDForum, Svase, Meetups, TiE, etc.
- Blogs to read
 - “Ask the Wizard”, Dick Costolo
 - “Termsheet Series”, Brad Feld
 - “10 Commandments”, Allen Morgan
 - Jeremy Liew, Josh Kopelman, Fred Wilson, Found+Read, etc.