

Investor Presentation On A Napkin - Presentation Transcript

1. Investor Presentation Guidelines (The 7P's you can do it on a napkin!) Southwest Airlines business plan was conceived on a cocktail napkin. Compaq Computers "portable" design was originally sketched on a restaurant napkin. An investor presentation can equally be simplified by following some guidelines that offer thoroughness with simplicity. The following presentation offers some guidelines to a framework for investor presentations. The framework focuses on seven important areas of discussion that should be the basis for any investor presentation: the pitch, the people, the pain, the product, the players, the projections and the investment proposition. These guidelines are suggestions: the order of presentation and areas discussed may be different as each company has a unique story, but these elements should almost always be included. Ideally, limiting the presentation to one or two slides for each subject will offer the ability to inform the investor without overwhelming them. The presenter can always use additional slides at the end of the presentation during Q&A with investors to go into more detail or reinforce some areas. As an example of how simple a presentation can be, these presentation guidelines are described within eight square panels of a folded out napkin. Yes, you can create an investor presentation on a napkin! Investor Presentation Guidelines ©2010 Tech Coast Angels
2. PITCH Investor : "Who are they and why should I care?" Introduce company and opportunity, cover: – Company name, introduce presenter(s): name(s) and title(s) – Relay a quick history of company, year founded, industry segment, stage (seed, development, first revenue etc.) – Ideally deliver a one or two sentence description of why an investor should be interested: the problem/pain you solve and why your solution, your team, your market offers the possibility of spectacular future returns for investors Gear this first slide to the proverbial "elevator pitch": if you were able to pitch to an investor on the average elevator ride what could you say in that short time to deliver the opportunity, capture their curiosity and get a second meeting? Investor Presentation Guidelines ©2010 Tech Coast Angels
3. PEOPLE Investor : "Can this team deliver?" Introduce management team members, cover: – Educational and industry background in this market – Prior startups, M&A or IPO exits – Who is full time, part time? – If Board of Directors or Advisors impressive, name them Want to convey to audience that this team has the experience to deliver on its promises. Any prior examples of team members work history to reinforce that theme would be ideal here. Want investors left with feeling that the people won't be the problem with this investment. Investor Presentation Guidelines ©2010 Tech Coast Angels
4. PAIN Investor : "Is the problem truly painful for the customer?" Introduce the audience to the pain or major problem you are solving for your target customer, cover: – Who is the customer and why is this problem painful to them? – What is the size of the market opportunity for your company? – What is the future growth for this market and opportunity? – Can you cite independent market research for market? – Ideally: do you have a prototype or other customer validation? Investor is trying to determine whether this problem is a real pain for the customer. Will the customer pay for this product? Will the investor feel that the market/opportunity is large enough for a future high multiple return? Investor Presentation Guidelines ©2010 Tech Coast Angels

5. PRODUCT Investor : “Is there a potentially great product here?” Describe the product, it’s differentiation and unique ability to solve the pain: – Product overview and how a customer would use it – Differentiation: what features unique to current products used? – Intellectual property: patents, trade secrets etc. to protect product? – Can you demonstrate the product? Is product complete? What’s left to do? This slide should give an overview of the product and how the customer would use this in their environment. It should be a description understandable to most investors, save deep technical descriptions for Q&A or later meetings. The investor wants to come away with a feeling the product is unique, can solve the problem described and customers will buy it. Investor Presentation Guidelines ©2010 Tech Coast Angels
6. PLAYERS Investor : “Who is your competition?” Describe the competition, big and small, current and future. Consider: – Your competitive strengths and weaknesses – Does customer have ability to easily benchmark product versus competition – Are switching costs high or low: can the customer make this decision easily? – What barriers to entry: those you have to overcome, those you can enforce? The investor is trying to ascertain why a customer would change from what they are doing today and use a startup’s product. What will you be able to do to fight off better known and funded competitors? After this slide, the investor needs to believe the customer will see the value in this product versus competition. Again, will the customer buy it? Investor Presentation Guidelines ©2010 Tech Coast Angels
7. PROJECTIONS Investor : “Show me the money!” This slide includes business and financial projections for the company: – 3 to 5 year projections of business and revenue – Financial details: pricing, costs, gross margin and timeframe to breakeven – Business model: direct, indirect, sales cycle, market segmentation etc. – Give timeline of major near term business milestones – What are potential problems or hurdles along the way? This may take two slides (one business model/marketing/sales and one for financials). Again, give an overview you can always go into detailed information in Q&A with more slides. Investors want to see the business model and be convinced it can make money in the long run. Investor Presentation Guidelines ©2010 Tech Coast Angels
8. PROPOSITION Investor : “What’s the deal?” What are the particulars of the investment opportunity? Cover: – Timeline of investment to date and overview of current capitalization table – Funding sought (\$) and current valuation of company – Goals of funding: what will money be used for? What is cash burn rate? – Timeline of any expected future rounds – What is timeline and expectations around eventual exit for investor? Detailed questions on possible terms etc. can be saved for Q&A or follow on meetings. Investor wants to know what % and price: you need to convince investor that the valuation/valuation range is reasonable, given opportunity, team and product along with comparables to other deals. Investor Presentation Guidelines ©2010 Tech Coast Angels