



FINANCING PRINCIPLES FOR EARLY STAGE START-UP'S

FUNDRAISING : HOW TO TURN A START-UP INTO AN ATTRACTIVE OPPORTUNITY FOR INVESTORS?

AGENDA

- Goal
- What is an investor?
- The 4 components to attract investors
- The process
- Conclusion : « how to build your investment opportunity? »

GOAL

1. Illustrate financial mechanisms for fundraising
2. Use the example of Venture Capital for a fast-growing company
3. Imagine how to apply this concept to your product or your own start-up



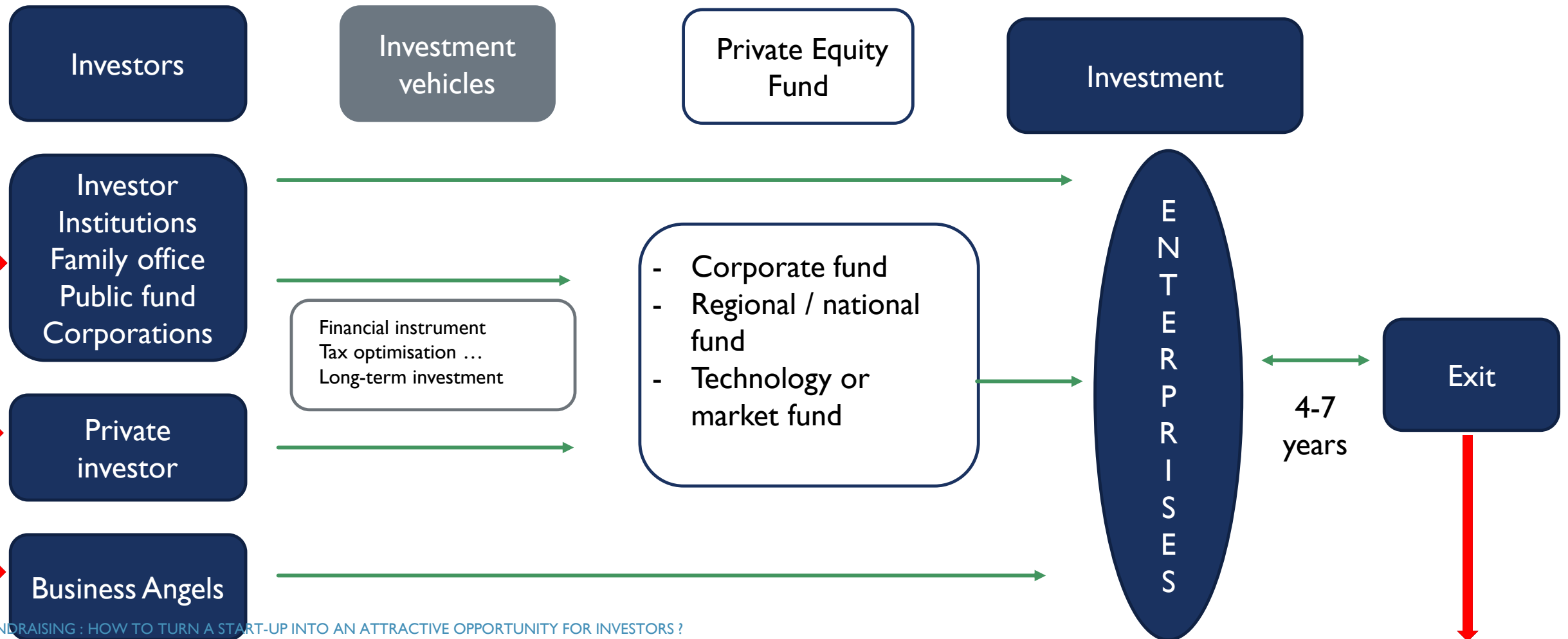
WHAT IS AN INVESTOR?

ILLUSTRATION OF A FAST GROWING START-UP

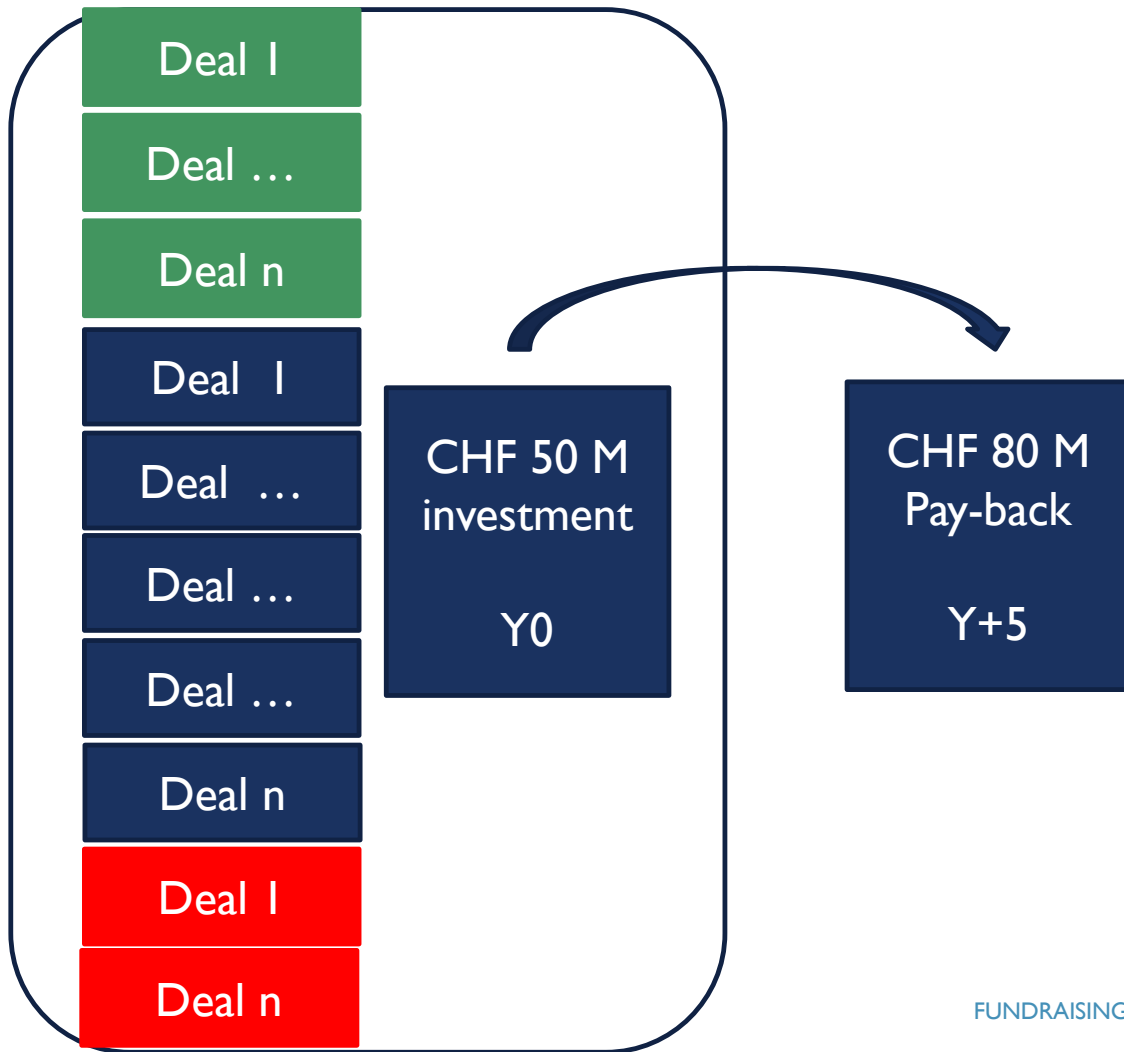
PRIVATE INVESTOR VS PROFESSIONAL INVESTOR

	Love Money	Business Angels	Professional investor
Source of Funding	Own Money	Own Money	External fund
Motivation / goal	Help + Do not loose	Added-value or passive income + non-financial interest	Multiple of initial investment
Goal of fundraising	Start	Proof	Scale up
Status	0 Clients	10 clients	100 clients
Value	< CHF 100K	< CHF 1 000 000	> CHF 1 000 000
Difficulty	Low	High	Very high

INVESTORS NEED LIQUIDITY TO PAY-BACK THEIR OWN INVESTORS



AN INVESTOR IS A RISK MANAGER ...



Investor responsibility :

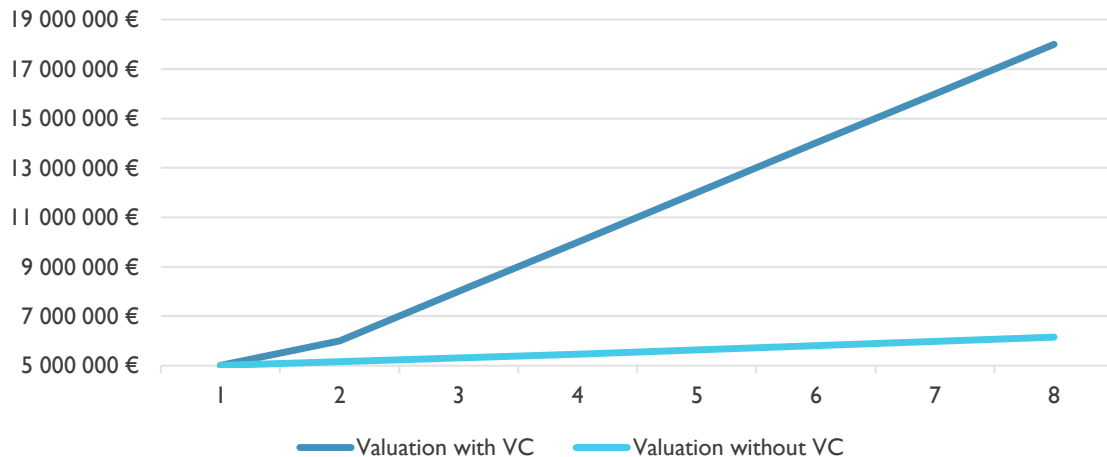
- Raise money to different subscription through financial product and tax optimisation
- Pay-back his own investor

Investor goal :

- Build an investment strategy on a specific topic, market, technology, geography, value chain ... Pick company accordingly.
- Mitigate risk of his portfolio
- Create a dealflow with synergy and correlation.
- Follow financial principle and risk management approach in each investment

AN INVESTOR NEEDS TO MAKE PROFIT

Company Valuation with VC & without VC



GOAL :

The goal for subscriber, management team and entrepreneur is to multiple (x3 to x5) the valuation of the company over 5 years timeframe

What is happening here (theoretical case) ?

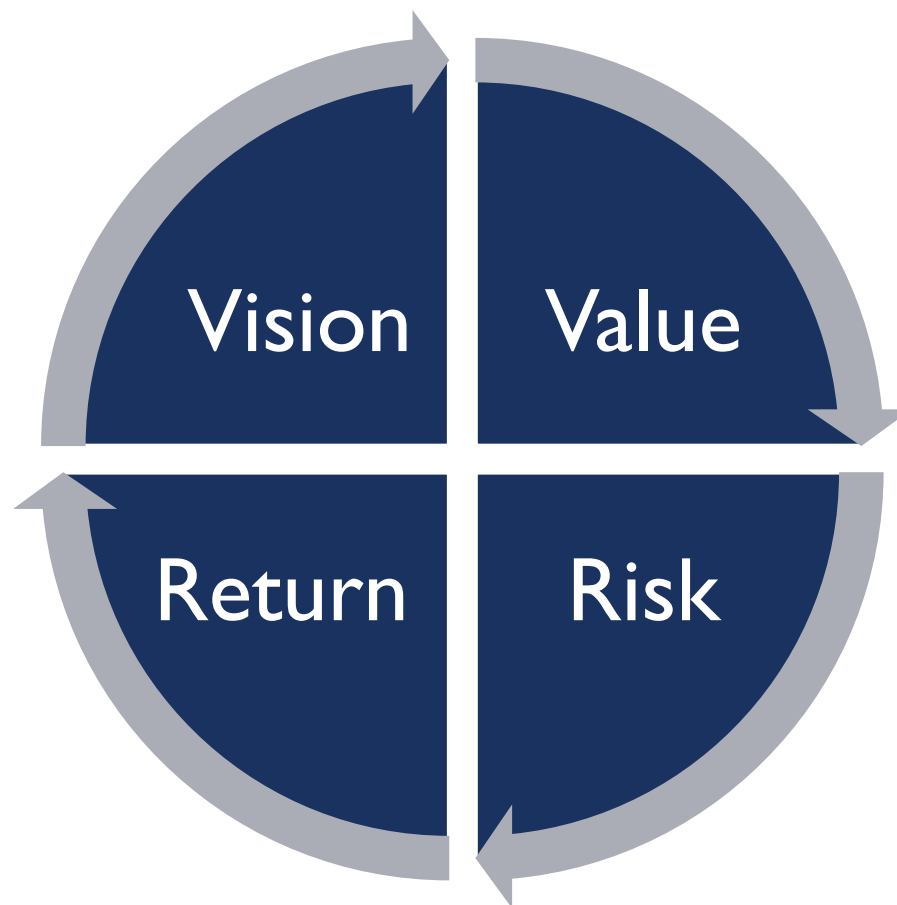
- 1 – Valuation pre-money = 5M€
- 2 – Valuation post-money : 6M€
VC participation : 20% for 1M€
Close Deal : value pre-money + investment
- 4-5) – Company valuation : 10M €
VC participation : 2M€
Deal development : The capital injected impact a leverage effect/acceleration on company development
- 6-8) Company valuation : 15 – 18M€
VC Valuation = 3,6M€ -
Exit strategy = Share need to become liquidity



THE 4 COMPONENTS OF FUNDRAISING

VISION, VALUE, RISK & RETURN

THE 4 COMPONENTS OF FUND RAISING



VISION

Entrepreneur

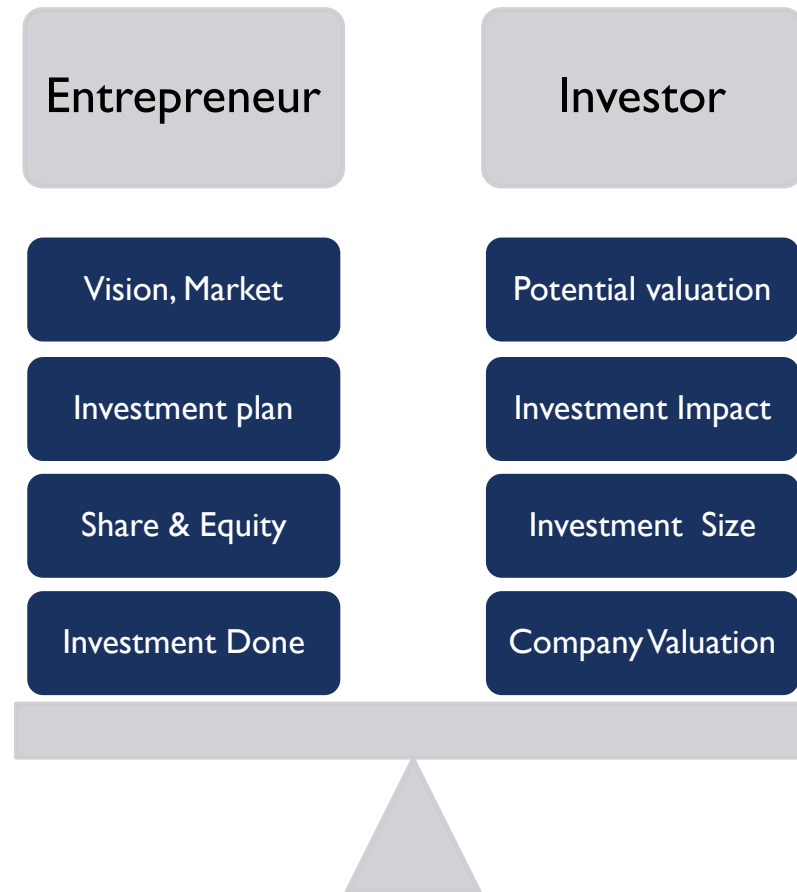
- Patent/Asset + Team + Métrics
- Vision : Strategy + Ressources + Legal
- Capital + scalability = liquidity and leverage effect
- Buy-out ?



Investor

- Is this in my scope of investment?
- What is the economic opportunity?
- How can I multiply the valuation?
- How can I exit?

VALUE : HOW TO MEASURE THE COMPANY VALUATION ?



Company valuation

RISK :

HOW DO WE INCREASE THE PROBABILITY OF SUCCESS

1. What are the milestones that the entrepreneur has already reached? How much have the current investor or Management Team already invested?
2. What is the investment needed vs the milestones?
3. What is the legal environment of the deal? Patent? Technology? Entry barrier? Contract?
4. How can I protect my investment? shareholder's agreement / Insurance / Due Diligence / Governance???

RETURN : WHAT CAN BE THE EXIT FOR THE INVESTOR?

1. Who is going to buy the share of the investor? Management team? M&A? IPO? Development capital?
2. What will be the valuation of the company over a 5-year time frame?
3. What is the strategy to achieve it?

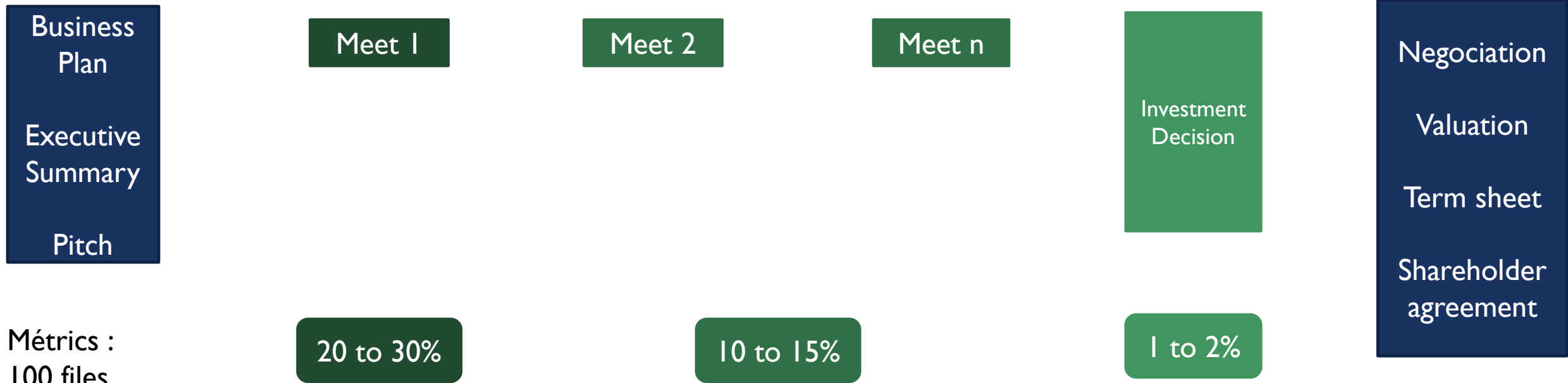


WHAT A FUNDRAISING PROCESS LOOKS LIKE?

STEPS, MILESTONE, DURATION AND MÉTRICS

THE PROCESS

Investor Management Team



Métrics :
100 files

6 – 12 month



CONCLUSION

CONCLUSION

- Vision : Build a solid vision and monitor its execution
- Value : transform your vision into an economic opportunity
- Risk : Localize, identify and manage risk to increase probability of success
- Return : Focus on how to incentivize investment into your product, or your company



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