



Perfecting Your Pitch Danish-American Business Forum

August 23-24, 2011



Danish-American Business Forum

What Do Investors Want to Hear?



Audiences Are Different – Different Objectives

- Angels
- Venture Capitalists
- Private Equity
- Strategic Investors
- Government

Before You Pitch

- Develop Clear Business Plan
- Develop Clear Financial Plan

Porter's Five Forces Model of Competition

Threat of New Entrants

- Barriers to entry
- Economies of scale
 - Product differentiation
 - Capital requirements
 - Switching cost to buyers
 - Access to distribution channels
 - Other cost advantages
 - Government policies
- Incumbents' defense of market share
Industry growth rate



Determinants of Supplier Power

- Supplier concentration
- Availability of substitute inputs
- Importance of suppliers' input to buyer
- Suppliers' product differentiation
- Importance of industry to suppliers
- Buyers' switching cost to other input
- Suppliers' threat of forward integration
- Buyers' threat of backward integration



Rivalry Among Existing Firms

- Number of competitors (concentration)
- Relative size of competitors (balance)
- Industry growth rate
- Fixed costs vs. variable costs
- Product differentiation
- Capacity augmented in large increments
- Buyers' switching costs
- Diversity of competitors
- Exit barriers
- Strategic stakes



Determinants of Buyer Power

- Number of buyers relative to sellers
- Product differentiation
- Switching costs to use other product
- Buyers' profit margins
- Buyers' use of multiple sources
- Buyers' threat of backward integration
- Sellers' threat of forward integration
- Importance of product to the buyer
- Buyers' volume



Threat of Substitute Products

- Relative price of substitute
- Relative quality of substitute
- Switching costs to buyers

Powerpoint Presentation

- Company name, investor name and date
- Company contact information
- 20 slides or fewer; 30 minutes
- Do not use small fonts
- Do not include too much information
- Make sure slides can be printed on black-and-white printer
- Do not be fancy
- Be able to pitch without your slides

Presentation Agenda

- Short tag line and description of Company
- Investment Summary
- Market Problem
- Solution
- Team
- Market
- Revenue Model / Strategy / Financial Data
- Investment Summary

Tag Line and Description of Company

- Tag line should be informative and memorable
- Where based and other offices
- How many employees
- Investors
- Awards

Problem in the Market

- Pain being experienced by end-users/buyers
- Need for solution to problem
- Other key market drivers causing need for company's solution

Solution Proposed By Company

- Company's product addresses this significant issue/problem
- Company's unique value proposition/sustainable business model

Market Overview

- Define market & related landscape as well as targeted segment(s)
- Quantify size of the targeted opportunity and expected growth
- Discuss market drivers & key trends
- Provide overview of competitive landscape and key differentiators

Solution Overview

- Architecture
- Features
- Planned enhancements/new developments

Competition Overview

- Strengths and weaknesses
- Company's advantage

Overview of Revenue Model

- How does company make money?
- Operational advantages / disadvantages
- Dependency on subsidy
- Ability to focus if multiple revenue streams

Business Highlights Overview

- Key achievements/developments since inception
 - Positive market evolution/dynamics
 - Technology
 - Customers/partners traction
 - Operations

Strategy Overview

- Go-to-market strategy
- Sales channels
- Product development
- Customer pipeline

Financial Highlights

- Current employee headcount and expected growth
- Current monthly or quarterly burn rate and expected increase
- Current revenue and expected growth
- Expected cashflow breakeven point

The “Ask”

- Existing investors
 - Founders
 - Outside investors
- How much money is being sought?
 - What will it be used for?
 - How long will it last?
 - Does it get company to a milestone?
 - Desired closing?
 - Will existing investors participate?

Team Overview

- Management
- Board of directors / advisory board
(if appropriate)

Presentation Summary - Key Investment Considerations

- Summarize succinctly company's value presentation
- Thank audience for time (include Thank-you slide at end)
- Ask for next steps

Back-up Slides for Anticipated Questions

Do's

- Target your audience
- Tell a story; be flexible
- Be prepared and anticipate questions
- Present the opportunity – not the product
- Present a clear business model
- Understand next steps at end of meeting

Don't's

- Ask for an NDA (at least not from VC's)
- Be arrogant
- Name drop
- Present too much information
- Overstay your welcome

Other Pitches

- “Bathroom pitch”
- Elevator pitch
- Executive summary
- Business plan

Thank-you, and good luck!

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