



Attracting Venture Financing:

How your Business Plan can help

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Castile Ventures

- Founded in 1998; three funds under management
- Invests in emerging enabling technology companies
- Seed through first expansion round (A's, B's & C's)
- \$5-10m per company (typical initial investment \$2-5M)
- Leads or co-leads most investments
- Distinguished by:
 - Deep sector and business-building experience
 - Partners-only model
 - High degree of value-added support
 - Lasting relationships with entrepreneurs



Castile Portfolio

Successful Exits



Current Investments





Where The Business Plan Fits In Our Process

Phase	Introduction	BP review	Initial opinion	Qualification	Diligence	Negotiation
Material needed	3-4 para intro Ideally: recommend- ation or referral	Summary business plan	1-hr presentation Couple of prospect/ customer references	Detailed plans & supporting presentations * financial * product * sales Additional references	Full docs supporting status & claims References * customer * market * personal	
VC work	Initial Review -Fit with criteria -Assignment -Urgency	Professional review	1-2 meetings Market analysis	Extensive work	Extensive work	



What I Like To See

- **Concise:** aim for about 5 pages
- Be sure to cover **vision** AND **architecture** AND **execution**
- **Start hot:** By the end of the 3rd para I want to know:
 - What will you be doing
 - Who will you be doing it for
 - Why will they find it compelling
- Not just **what**, but **why**
 - Why is it compelling?
 - Why is the team uniquely qualified?
 - Why now?
 - Why is yours different?
- Include your **financial plan**
 - Remember, I am a financial investor, not a technologist



Common Problems & Omissions

- What do these guys do?
 - Not clear exactly what you do
 - Not clear who wants it or why
- Why you?
 - Not clear how your background fits you to your business
- All vision; no architecture or execution
- Competition avoided or dismissed
- Unconvincing financial plan:
 - Not clear how you generate revenue
 - Unrealistic projections
 - Overly-conservative or hedged projections
- Sloppy work



Market Considerations

- Market size & timing
 - Large enough to build valuable enterprise
 - Expanding & timely
- Market entry opportunity
 - Credible market entry opportunity
 - Compelling enough to buy from an early-stage company
 - Role of partners & aligned interests
- Target customers
 - Be as specific as possible



Competition Considerations

- Don't make bogus claims of uniqueness
- Categorize competitors to make analysis digestible
- Demonstrate knowledge of market environment
 - Don't sound naïve or arrogant
- Make a clear & credible claim of sustainable differentiation:
 - Unique technology/IP
 - Unique experience/domain knowledge
 - Unique content
 - Etc.



Variations by VC Firm

- Factors that vary by VC
 - Investment focus: industry/geography, stage, investment size
 - Weight & discrimination applied to market factors
 - Individual partner preference
 - Portfolio experience
- Common to most VCs
 - Financial criteria
 - Central importance of team



Thank you!

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