

Getting Funded – the “soft” side

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About KVP

- **Expansion/late stage, active** vc & growth equity investors
- **\$5-10 million** investment size
- **Focus** on convergence of software, communications and IT-enabled services
- **\$175 million** under management, 6 investment professionals with significant experience in operating and investing roles
- Based in Waltham, MA

KVP Investments

<p>Enterprise and Infrastructure Software</p>     	<p>Software as a Service (SaaS)</p>     	<p>Communications</p>     
<p>Media and Services</p>   	<p>Financial Technology</p>  	<p>Healthcare Technology</p> 

Raising Capital is tough...

- Lot of vc capital today, but there are lots of companies as well...
- 1-2% of deals seen by a vc group actually get funded
- Which means that you are being evaluate not just on an absolute basis, but on a relative basis – the vc's opportunity cost
- So most vc's have developed an evaluation system which is part science, part art
- The basics (market, competition, technology etc..) are key, but the softer factors are equally important

The Management Presentation - 1

- Most times, the basic decision on a deal gets made during the management presentation...the rest is mostly confirmation
- Have your business case and facts ready, but think about....
 - Clarity (“what do you do again?”)
 - Conciseness (ability to state your core value proposition without losing audience’s interest)
 - Value proposition (ROI)
 - The very basics about capitalization that a vc needs to know
- Remember, if you can’t explain it well, we get spooked

The Management Presentation - 2

- DON'T be late
- DON'T bring a lot of executives to the meeting (3 is probably the limit)
- DON'T have a slide deck with 50 slides (you'll never get through it...best teams have 15-20 main slides, with the rest as backup to answer questions)
- DON'T say that you have no competition
- DO plan on getting through your main pitch in about 30 minutes (you'll easily spend another cumulative 30-60 minutes in intros/discussions/Q&A)
- DO bring hard copies of your presentation (projectors can be dicey)
- DO be enthusiastic about your business (if you're not excited about your business, neither are we), but be ready to back it up with facts

The Management Presentation - 3

- Style of interaction between different members of team is very important to us – we are observing you closely while you're in the room...especially the CEO
- Best teams are like a dance troupe...perfectly co-ordinated
- Let others speak their piece – “silent” participants don't leave much of an impression and can actually create question marks
- Remember, we don't (usually) like one-man shows

The Founder CEO: Executive v. Shareholder

- One of the most critical “soft” points in a founder-led company is our judgment of your ability to grow with the company
- Our judgment of your ability to take feedback (and to assess your shortcomings objectively) is very very important. Our main interface with the company going forward will be you.
- Remember, you are the CEO but probably also the largest shareholder, which are sometimes conflicting roles. Both you and the vc want to increase the value of their respective equity.

Some recent deals we passed on...

- A team that took 45 minutes to explain what their product actually did (how are you going to sell to a customer?)
- A team that was at a loss of words to explain customer ROI
- An outgoing founder/CEO who spoke for almost 2 hours with the incoming CEO saying next to nothing
- Six executives from the company, plus 2 bankers – that was a disaster (couldn't even fit everyone in)
- Two executives from the company who always referred to a third absent executive who could best answer our questions
- A CEO who always cut off his COO, correcting him after every comment he made

And one that put in a term sheet on...

- A company that had a challenged past, too much R&D spent and a difficult vertical market, but a very passionate CEO who credibly articulated why we should invest in his company

THANKS!