

ANGEL AND EARLY STAGE FUNDING

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FUNDING HIGH-GROWTH COMPANIES

- **Angels or VCs?**
- **Business Model Questions**

WHAT ANGELS WANT

- **Great team**
- **Great idea / innovation**
- **Large market**
- **Scalability**
- **High returns in 3-5 years (capital efficiency, early exits)**
- **Involvement**

WHAT VCS WANT

- **Great team**
- **Great idea / innovation**
- **Large market**
- **Scalability**
- **Incredible returns in 5-10 years**
- **Large dollar returns on investments – “move the needle”**

COMMON FACTORS

- **Great team**
- **Great idea / innovation**
- **Large market**
- **Scalability**

So what's different? Business models.

The choice of funding can be cut two ways:

- **Choose your business model based on preferred funding/exit**
- **Choose your funding based on preferred business model**

BUSINESS MODELS - SOFTWARE

- **Early revenue – *usually* more capital efficient**
 - Software license
 - SaaS
 - Subscription fees
 - Action or Transaction fees
- **Later revenue – *usually* less capital efficient**
 - Two-sided markets
 - “Freemium”
 - Advertising
 - Virtual goods
 - “Big data”
 - “Eyeball plays”

BUSINESS MODELS - OTHER

- **Consumer goods**
 - Brand building
 - Manufacturing
 - Distribution
- **Life sciences**
 - Healthcare IT
 - Medical devices
 - Pharmaceuticals