



CASTILE
VENTURES

Investor Guidance on Business Plan Summaries / Investor Presentations

Product & Market Considerations

Introduction to Castile Ventures

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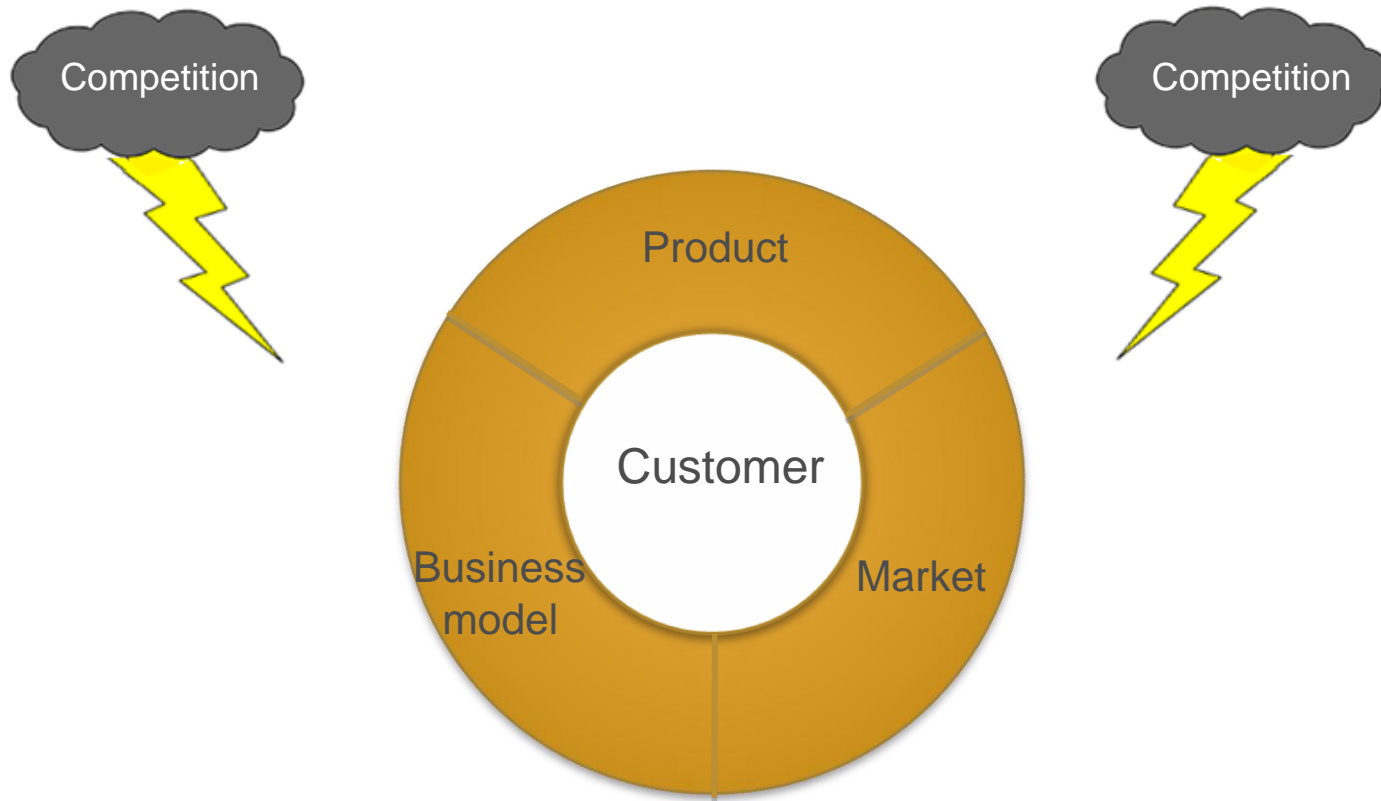
- Early-stage VC investing in emerging technology companies
 - Seed through first expansion round (A's, B's & C's)
 - \$5-10m per company (typical initial investment \$2-5M)
 - Leads or co-leads most investments
- Founded in 1998; three funds under management
- Distinguished by:
 - Right-sized to back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

Product/Market Ingredients of a Pitch

- Product/service
- Business model
- Market opportunity
- Competition

The Customer is the Core of the Business

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Your Product or Service

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- What is your product or service?
- Who will buy it?
- What is the benefit?
 - Does it solve a big problem?
 - Does it create a new opportunity?
- What does it cost?
 - \$\$ cost?
 - Other costs?

Your Business Model

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- How will you make money?
 - Product sale/one-time license?
 - Recurring fees?
 - Secondary services?
 - Advertising?
 - Freemium?
- Considerations:
 - Customer acquisition and support cost
 - Margin share with distribution & support partners
 - Churn
- Where do you fit in the value chain?
 - Can you build a stand-alone business?

Your Market

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- What is your market? Initial & over time?
 - Who finds your product/service compelling?
- How big is it? Will it be? (top down & bottom up)
 - How many of them are there?
 - What is it worth to them?
- How will you gain access to the market?
- Who else has a stake in your success?
- Is there a particular market window?

Your Competition

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- What form does your competition take?
 - Direct alternative?
 - Indirect alternative?
 - Potential new entrant?
 - Do nothing?
- Where will you win?
- Why will you win?
- Do you bring sustainable differentiation?
 - E.g. rooted in proprietary technology, expertise etc.
 - Why are you uniquely qualified?

Summary

- The majority of product/market issues that should be addressed in a business plan are focused on...
...the customer
- Be sure to understand your customer
- Be sure this understanding shines through



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