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# Pitching To Investors

- or -

“How to Extract Money From VCs  
(Without Resorting to Violence)”

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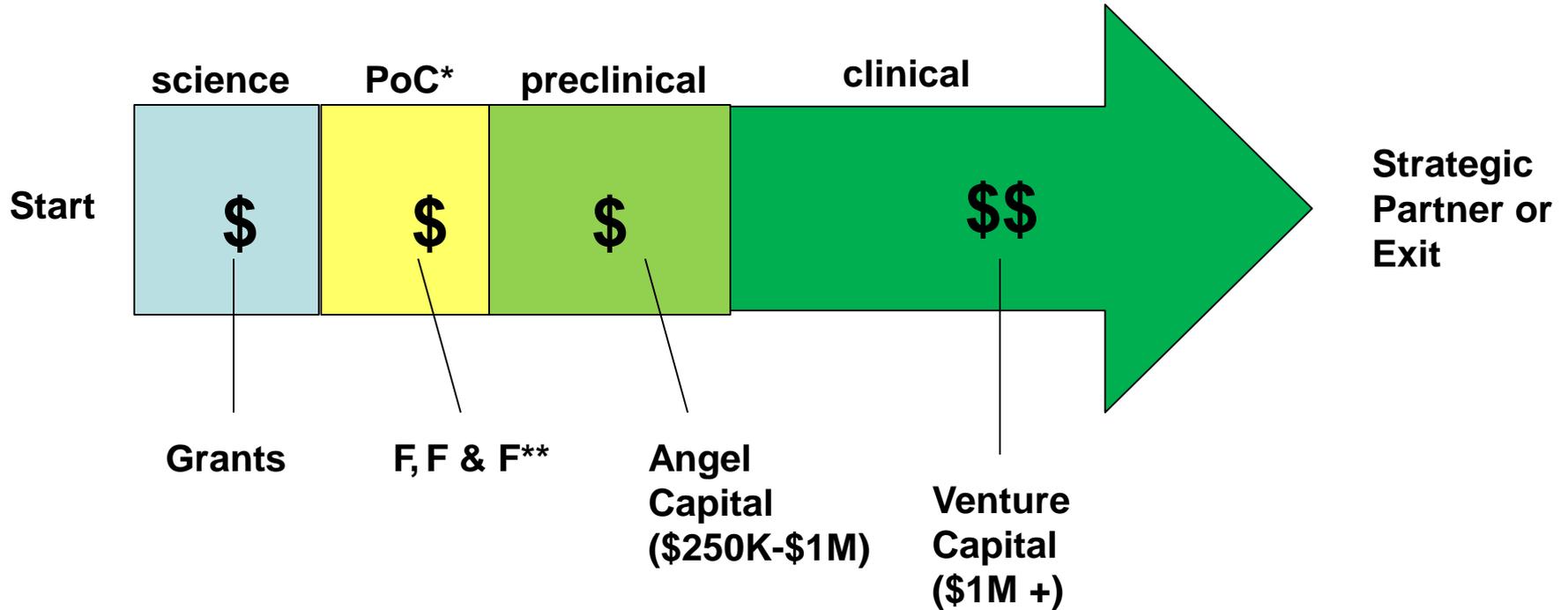
# Today's Agenda

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1. The Funding Model
2. How to approach Angel/Venture Capital Investors
3. What are they looking for in a pitch?
4. Final points (if we have time)

# 1. Funding Model: traditional

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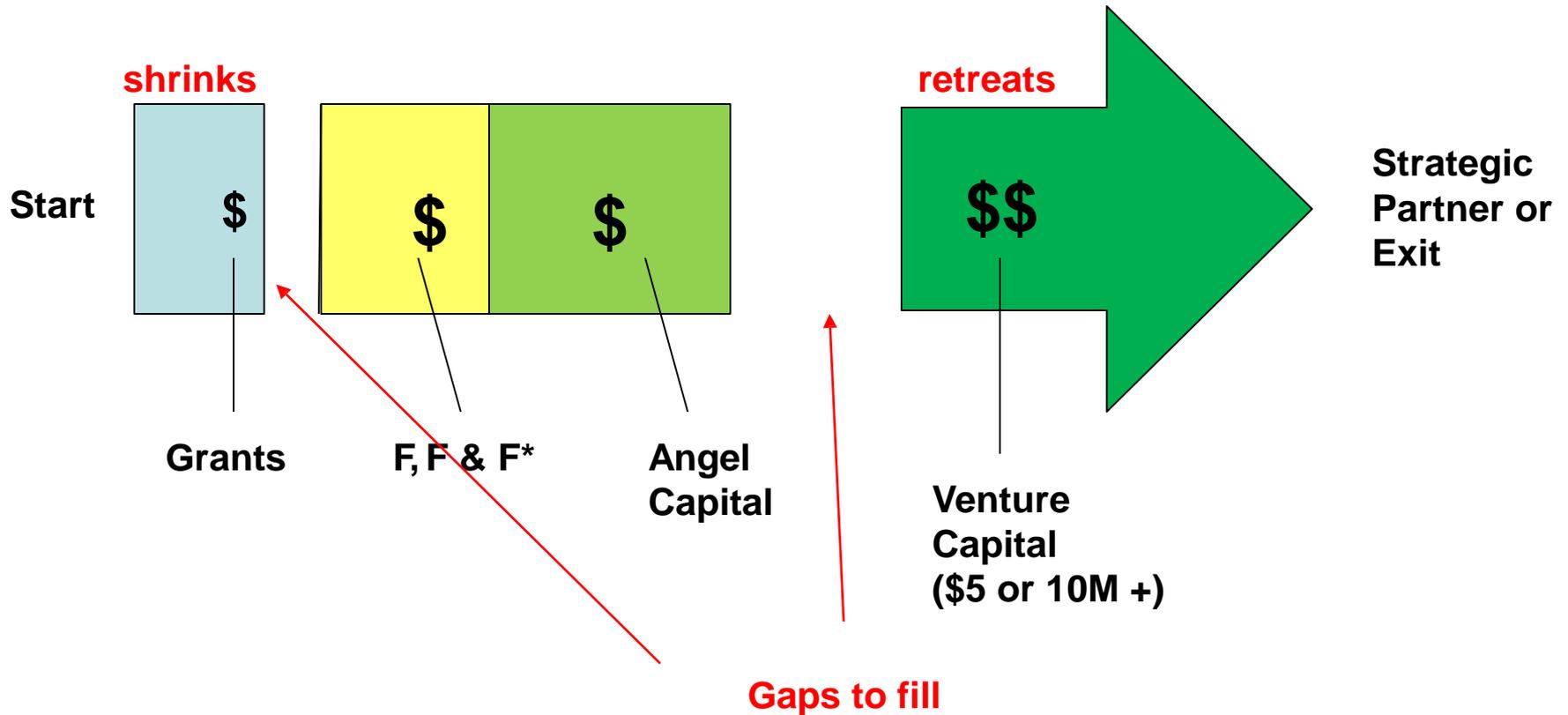


\* Proof of Concept

\*\* Friends, Family and Fools

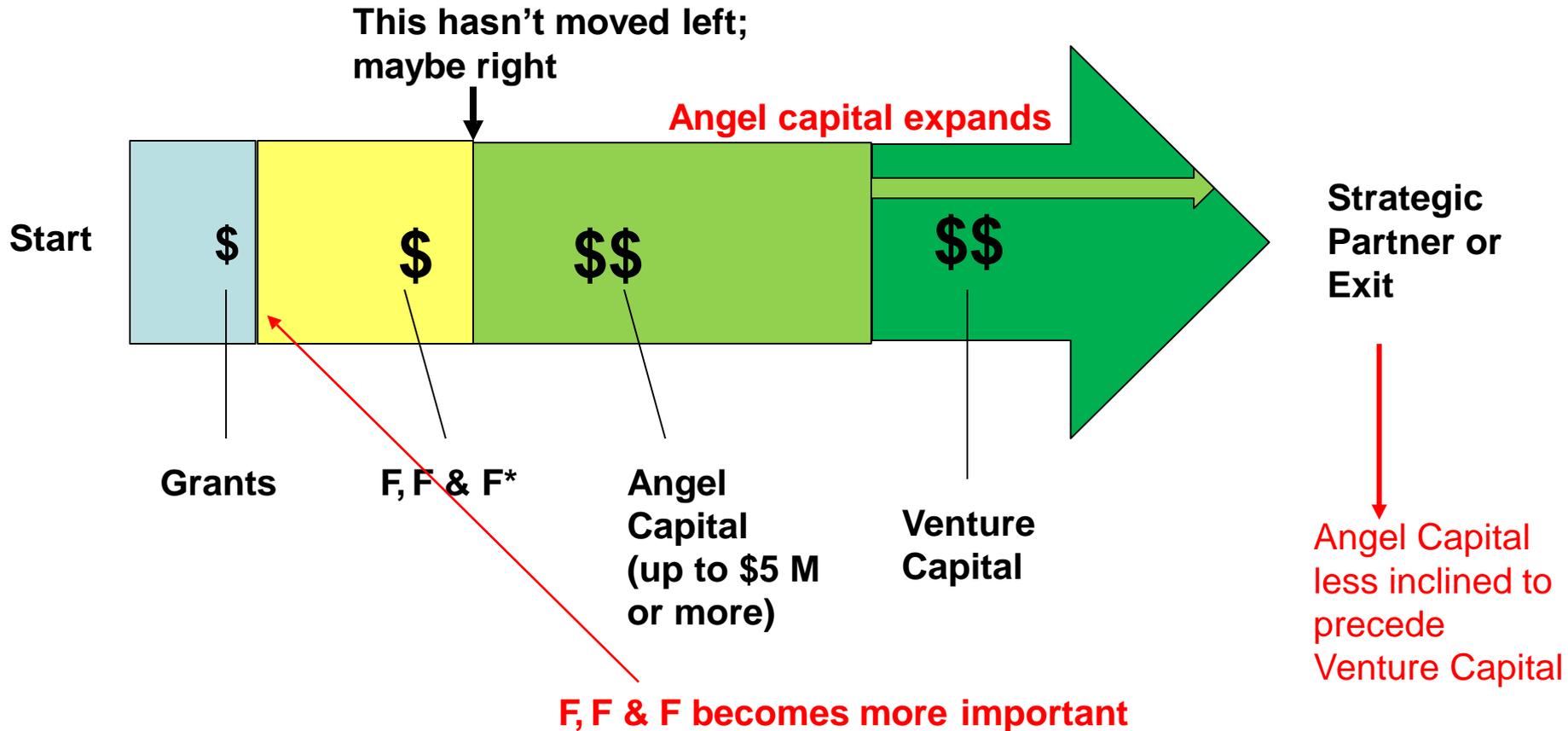
# 1. Funding Model: things change

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\* Friends, Family and Fools

# 1. Funding Model: new paradigm



\* Friends, Family and Fools

# 1. Funding Model: Angel Capital rarely precedes Venture Capital anymore!

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There are two risks the angels wish to avoid:

1. The VCs don't come in afterward  
(Referred to as “financing risk”)
2. The VCs do come in afterward  
(Referred to as “those bastards” risk)

**Know who you are and what kind of investor you should be seeking**

## 2. How to approach Angels/VCs

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- **Get a warm introduction**
- **Know the investment sequence:**
  - Scouting →
  - Screening →
  - Investment Committee/General membership →
  - Due Diligence →
  - Terms →
  - Closing
- **N.B. You may need different pitches for different circumstances**

**The funnels narrows in an intimidating fashion!  
About one percent of applicants get funded!**

### 3. What are they looking for in a pitch?

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**Question for the audience:**

**What is the objective of a meeting with an investor?**

**Answer:  
(with one exception)**

***TO GET THE NEXT MEETING***

### 3. What are they looking for in a pitch?

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So, some key rules:

- Know your audience (Get the levels of science and finance right)
- Know the point of your pitch (Get the levels of science and finance right - again)
- Do not ask for a non-disclosure agreement
- Tell a story! A story is more compelling than any checklist

### 3. What are they looking for in a pitch?

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But there is a checklist (of ~10-12 items):

1. What is the opportunity/problem/pain point?
2. What is your solution/product/service?
3. What data do you have in support?
4. What intellectual property (or other) protections do you have to defend your idea?
5. How large is (and how do you define) the market?
6. Who is the competition and how are you positioned relative to them?

### 3. What are they looking for in a pitch?

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7. How do you go to market (sales/distribution/marketing)?
8. Economics of the business (including the all-important reimbursement) and financial projections
9. Management team, advisers, and any personnel gaps that need to be filled
10. Capital needs (immediate and total) and use of proceeds
11. Exit plan: timing, possible parties, suggestions of value
12. Deal terms (What are you offering? What is the return to the investor?)

### 3. What are they looking for in a pitch?

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Yikes, do I need all that?

- Well, yes, eventually
- You had better have the answers if asked
- Does it fit into this story?
- You don't need exactly one slide per point

*Tell a story. In a pitch deck, use active headlines that have a narrative thread and make your argument. Write the story first, then the slides*

## 4. Some final points

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- **Good science does not necessarily make a good product; a good product is not necessarily a good business; a good business is not necessarily a good investment**
- **To investors, you are pitching an investment**
- **Bad investors are a pain in the neck; good investors are worth more than rubies**

**THANK YOU!**