

The Fundraising Process

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All ready and set and for the grand game?

Why a fundraising process?

- Be efficient (you still need to manage your company)
- Friend investor: “Fundraising is all about hitting investors, scheduling calls and meetings. The more efficient, the faster (you learn, even before actually raising money...)”
- Learn, learn, learn:
 - Do you understand the rule of the game?
 - Which investors resonate?
 - Does your company resonate?
 - Does your offer resonate?
 - Categorize...





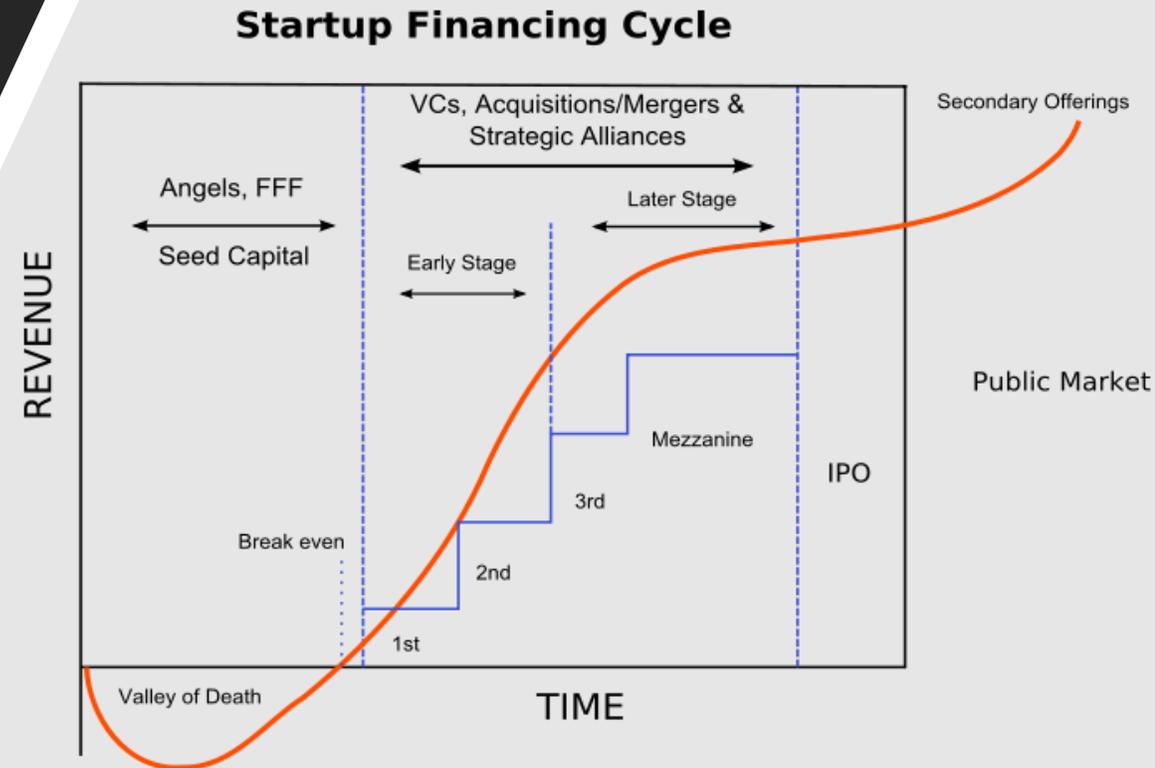
Our plan
today

The fundraising process:

1. The investor
2. The capital market
3. Checklist
4. How does it work for real
5. The fundraising sales process
6. Planning

We'll be using seed as a reference?

- **GOALS:**
 - Validate your business model (aka get an operational business plan)
 - Complete product development
 - Market research
 - Or a combination of these
- **Investment type:**
 - Very high risk



A scene from the movie Fight Club featuring Brad Pitt as the Narrator. He is shirtless, muscular, and has a cigarette in his mouth. He is surrounded by other men in a dimly lit, industrial setting. The text "First Rule of The Fight Club?" is overlaid in the top left corner.

First Rule of The Fight Club?

There are no rules!

1. The investor

- F&F
- HNWI
- incubators/accelerators
- Angel
- syndicator
- VC
- Family office
- Strategic





Who is your investor?

- You need to understand that investors invest in regions / sectors / stages / invest certain amounts
- You need to understand you always need a lead investor (almost always) at a large seed and every round after
- That there are different kinds of investor and they are different
- That investors write different check sizes (though there can be large variation)
- That appetite in the market changes

A 14.5Tn market

Sustainability & ESG

- We can simply not feed 9bn people the way we do it today
- "Plastic-in-the-Ocean" is galvanizing the youth

- 10% of global consumer spending
- 40% of global employment
- 40% of food is wasted

Industry 4.0

- Ubiquity, Sensors, Robotics, BigData, AI, Gene-Editing, Microbiome are hitting the market proliferating points-of-sale and transforming agriculture
- New players Amazon, Google, Alibaba know your customer better than you

- 800 million underweight
- 650 million obese

agrifood

- 25% greenhouse gases
- 75% global deforestation

New Consumer

- Social media & digitalization give the consumer new powers
- Transparency, lifestyle, benefits, experimental, personalization, visual appeal
- The established players are losing market share

- 70% global water consumption
- 30% of global energy
- 3%/y growth of protein demand

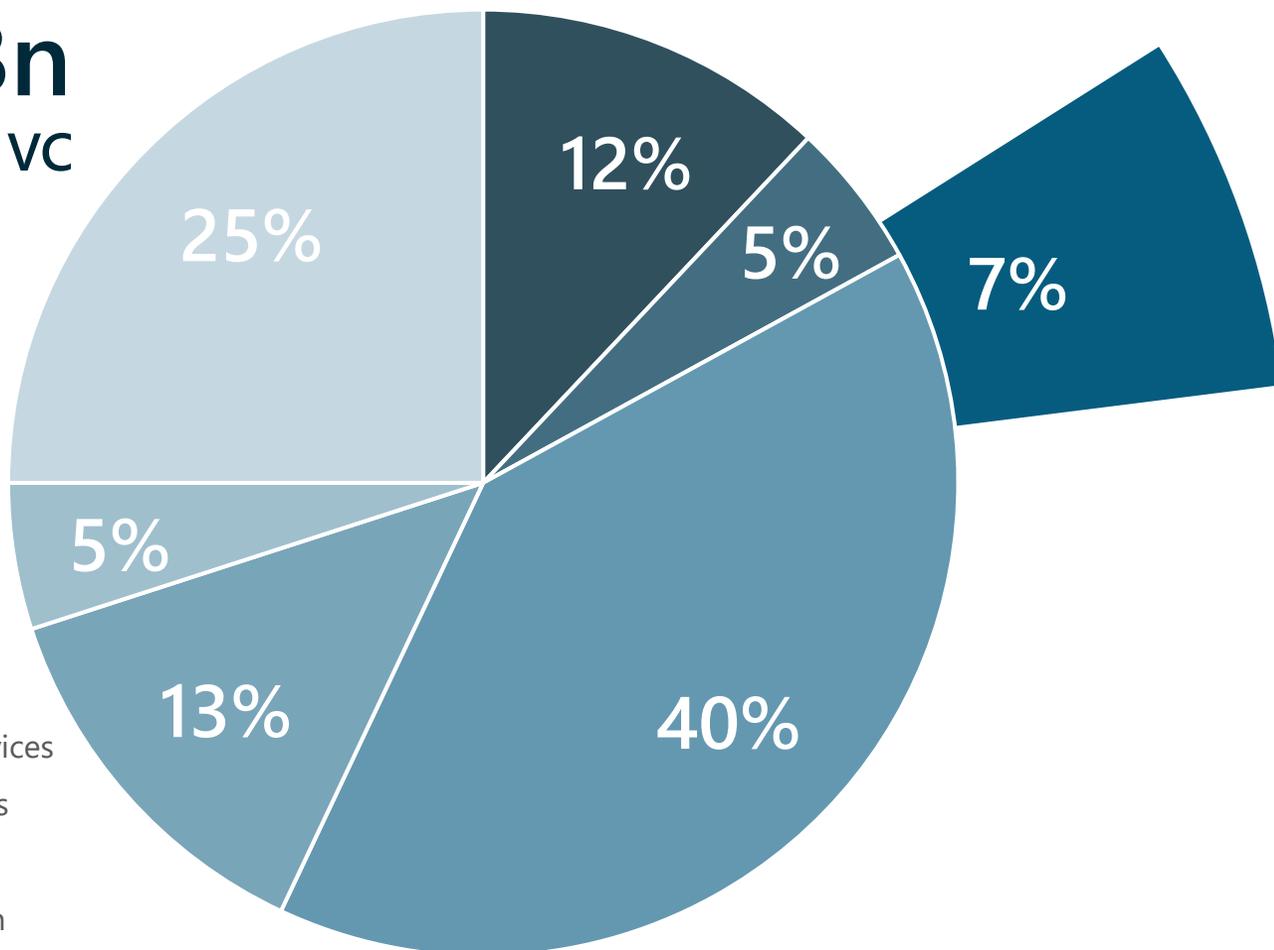
WallStreet

- Since 2017 the CEO turnover & activist investor pressures increased dramatically (Campbell's, Hershey, Kellogg's, Mondeléz, Nestlé, Starbucks, PepsiCo, General Mills, UniLever)
- Consumer companies have slashed R&D budgets to increase short-term profits

2. The capital market. Agrifood reached over 7% of global VC expenditure in 2019

\$280Bn

Total global VC Expenditure in 2019



- Commercial services
- Consumer goods
- Software
- Pharma & health
- Hardware
- Other

Global, VC investments 2019 (Pitchbook 02/2020)

\$19.8Bn

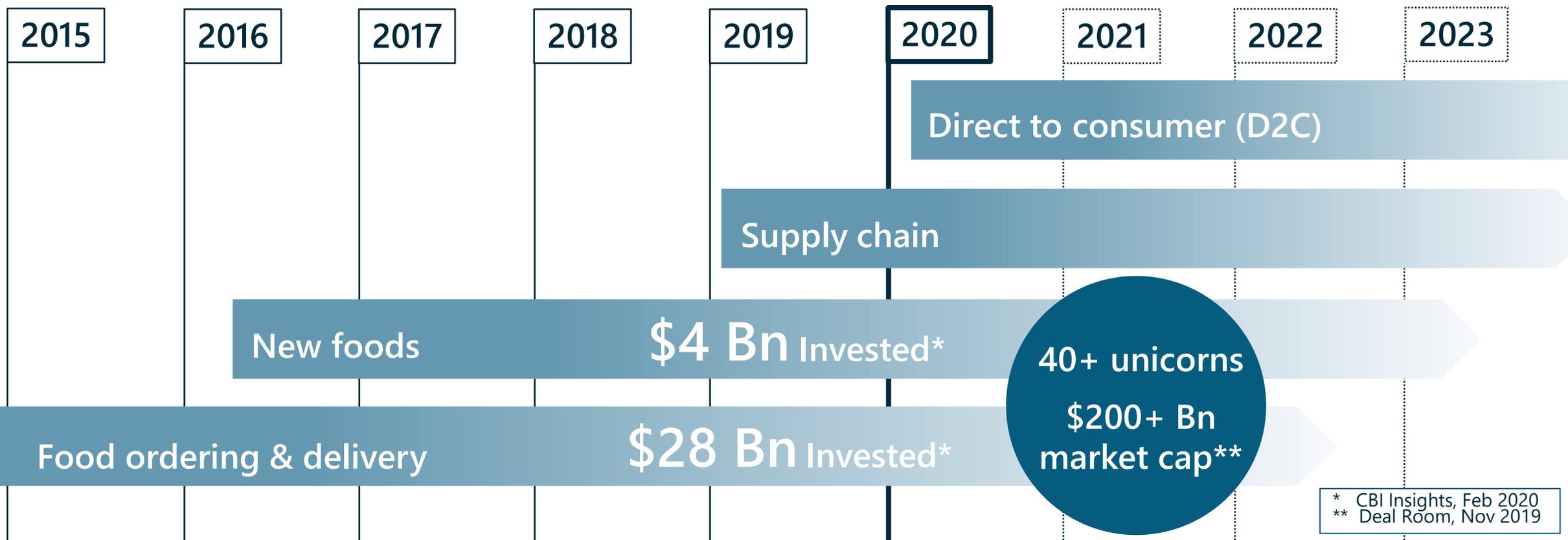
Agrifood global VC Expenditure in 2019

Agrifood innovation is occurring across all main areas of traditional VC investment:

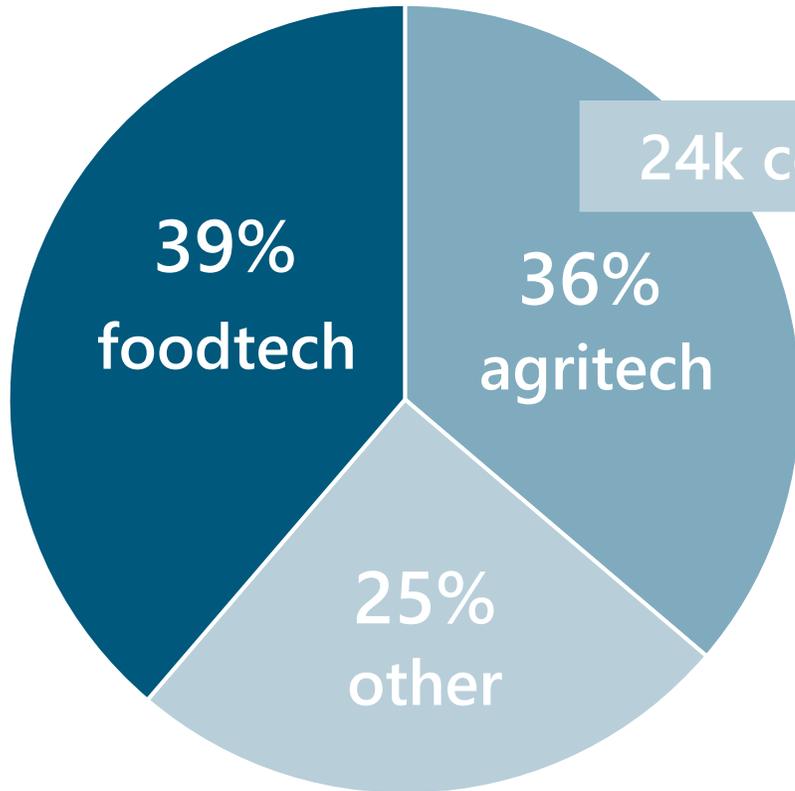
- Software
- Hardware
- Biotech
- Consumer goods
- Consumer services

The global agrifood system has just started experiencing disruption

- The global agrifood system represents combined a ca. \$14.5 Tn industry (16.5% of global GDP)
- Over the last 8 years, two areas have gained most interest by investors (food ordering & delivery, new foods) which have generated over 40 unicorns totaling over \$200Bn combined valuation by 2019 (out of ca. \$40Bn invested since 2012).
- However, the rate of emergence of new investment trends is increasing (also as an effect of the COVID-19 crisis)



Countless market segments are lining up for disruption



Global, agfood-tech startups (Traxcn 02/2020, eZecute 03/2020)

24k companies → 20% funded

2019 in figures

Stage	number	Avg investment
Created	2.5k	-
Acc./incubated	1.4k	-
Seed	660	\$1.3M
Early Stage	512	\$13M
Growth	256	\$48M

\$19.8Bn total invested in 2019

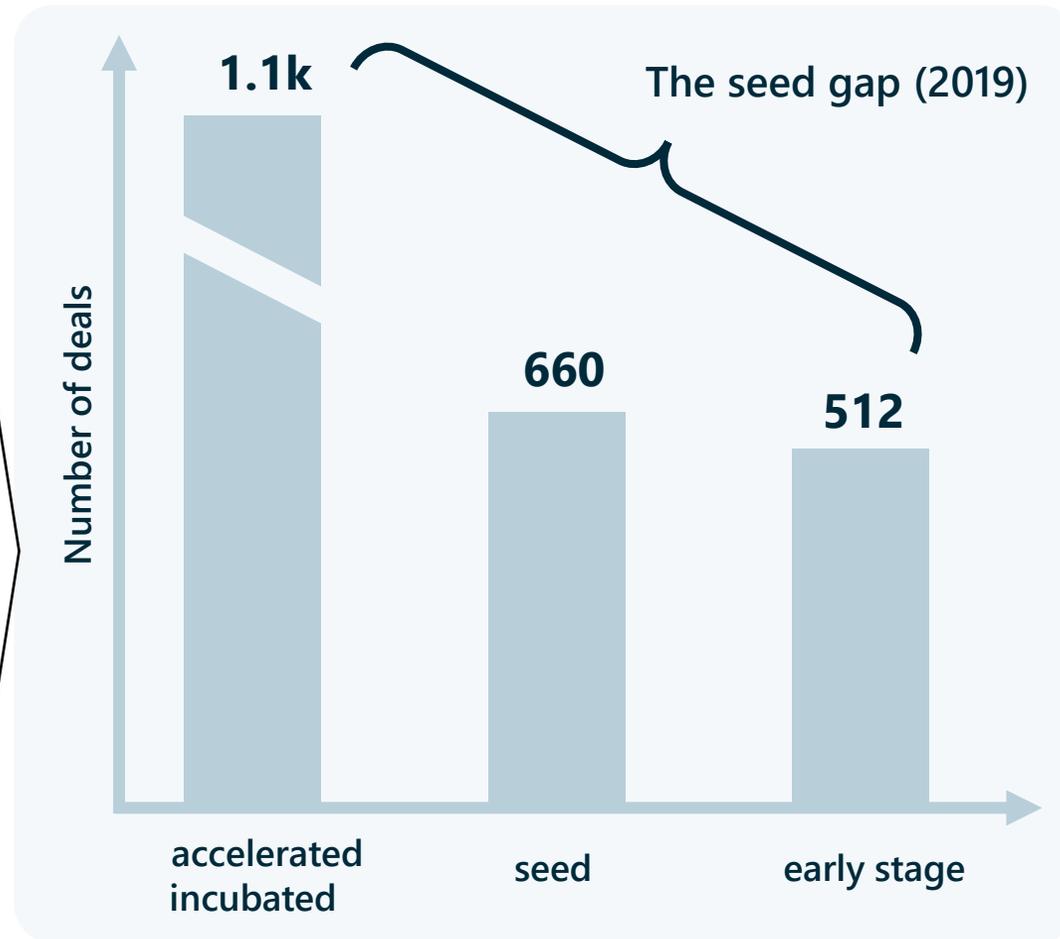
(Crunchbase 02/2020)

- foodtech: food discovery, delivery and retail, IOT appliances, SaaS, new food, ingredients, personalized nutrition, distribution etc.
- agritech: decision support, automation, remote ops, biotech, animal, infrastructure, shelf life, new farming, processing, supply chain
- other: resto-tech, smart packaging, China market and others

And, yet, investors struggle with dealflow → the seed gap

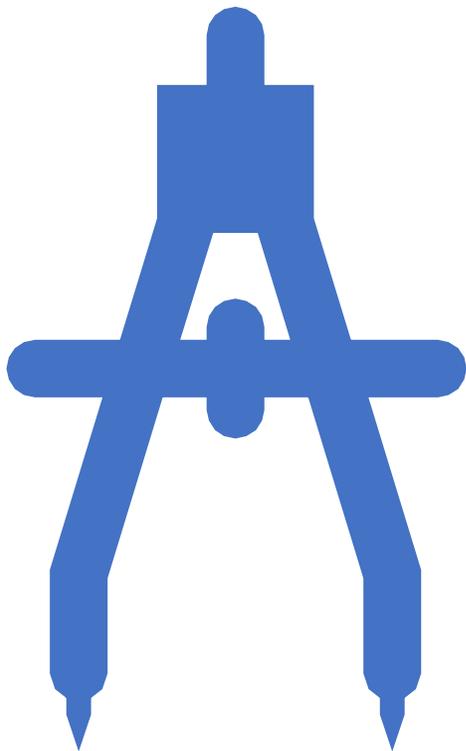
Pre-seed startups

- Very steep cliff in order to close seed funding with detrimental effects on growth and equity ownership.
- **This seed gap is now being magnified by Covid-19.**
- The good news is that once a company reaches seed stage it has almost a 100% probability of going to early stage (with an average time of 16 months).



A-series+ investors

- There is an almost 1/1 ratio between seed and early stage deals, whereas in an efficient market that ratio would be at least 2/1.
- The lack of post-seed companies is frustrating investors with limited deal flow and run-away effects on valuations.
- This seed gap has been constantly increasing over the past 4 years



3. Before even starting

- How much do you want to raise?
- How much do you need vs want to raise?
- At what valuation?
- Who do you want to raise from?
- How many investors do you want in your round?
- Do you need a lead? What kind of lead do you want?
- What stage of investors are you looking for?
- Do you have all the documents needed

Ready?

Intros	Offer
The 30 Second Pitch (aka The Cocktail Pitch), also good for email intros	Investor Deck (or Executive Summary)
The Stage Pitch (3-6m pitch but adapt to format)	Financial Model
One Pager	
Email templates (lead, warm intro etc.)	Investor update newsletter

Legal Due Diligence	Business Due Diligence
Bylaws (or Articles of Association, or Articles of Incorporation, or Statuto, or Gesellschaftsvertrag etc.)	Updated Monthly Report (key business metrics)
SHA	Balance Sheet, Cash Flow Statement and Income Statement
FIPA	Bank account statement

Who's in charge of the process? Name one!

Welcome to my fundraising model

Lead													Status				Materials sent			
ic	p	organizations	surname	name	gt	sale sta	pipeline	next ac	deadlir	last act	date	what	1pager	Pitch	Exec sum	Model	NDA	Dataroo		
1	M	Anterra Capital			0	yes	pre-sales	engaged	wmai	12-set	email 1	01-set		yes						
2	L	Givaudan			0	yes	pre-sales	warm emai	email 2	18-set	email 2	02-giu			yes					
3	M	CPT Capital			0	yes	pre-sales	lead	email 1	1call										
4	H	EFKO			0	yes	pre-sales	lead	call	1call										
5	M	Puratos			0	yes	pre-sales	test	email 2	22-set	email 1	06-feb		yes						
6	L	United Ventures			0	yes	pre-sales	cold email	call	standby	call 1	07-lug	yes	yes	yes					
7	M	Danone			0	yes	pre-sales	test	call 3	21-set	txt	25-ago		yes						
8	L	Big Idea Fund			0	yes	pre-sales	search intrc	chat 2	standby										
9	M	EIT Food			0	yes	pre-sales	lead	chat 1	1call										
10	M	Rabobank			0	yes	pre-sales	engaged	email 1	21-set	email 1	15-lug	yes	yes	yes		yes			
11	M	Rotschild			0	yes	pre-sales	lead	email 1	1call										
12	L	Pepsico			0	yes	pre-sales	lead	email 1	22-set										
13	M	Asahi			0	yes	pre-sales	lead	email 1	1call										
14	L	Oetker			0	yes	pre-sales	lead	call	1call										
15	M	LDC			0	yes	pre-sales	lead	email 1	1call										
16	L	5 Season Ventures			0	yes	pre-sales	engaged	call	01-ott	call	17-apr		yes						
17	M	Nestlè			0	yes	pre-sales	interested	email 2	29-set	call 1	03-set								
18	L	Maersk			0	yes	pre-sales	lead	email 1	1call										
19	L	Leadx capital			0	yes	pre-sales	lead	email 1	1call										
20	L	Doehler			0	yes	pre-sales	lead	email 1	1call										
21	L	Amadori			0	yes	pre-sales	lead	email 1	1call										
22	L	The Kitchen Hub			0	yes	pre-sales	engaged	email 1	18-set	email 1	11-feb	yes	yes						
23	M	ADM			0	yes	pre-sales	lead	email 1	1call										

- Adapted over the course of several years
- Tested successfully by several fundraising operations
- Based on multiple sources
- Check also Alexander Jarvis's model: <https://www.alexanderjarvis.com/fundraising-process-manager-tool/>

HOW MUCH?	Need	Want
Raise amount (\$)	€1M	€2M
WHERE?	Focus	Secondary
regions	Spain	Germany
	France	UK
		Italy
		NL
WHO?	Focus	Secondary
Sector	Agritech	Generalist
		foodtech

Lead/Followers	Focus	
Angel / HNWI	Follower	
Family office	Follower	
VC	Lead	
Strategic	Follower	
Number of investors	Min	Target
Angel / HNWI	3	5
VC	1	3
Check sizes	Min	Target
Angel / HNWI	€ 50	€ 100
Family office	€ 100	€ 500
VC	€ 200	€ 500
Strategic	€ 100	€ 500
Investor priority	Stage	
Angel	Ignore	
Pre seed	If needed	
Seed	Focus	
Series-A	If possible	
Series-B	Ignore	
Growth	Ignore	

	status
pitch deck	yes
30 sec EP	yes
exec sum	no
financial model	no
NDA	Ignore
intro template	no
data room	no
newsletter template	no
blurb	yes

Lets' start again

4. The typical seed timeline

0%  100%

First Investors
Very very hard!

- Inner circle, typically BAs
- Small tickets: €50-100k
- Soft Deals: MOUs or Convertible Notes
- Expect a discounted price

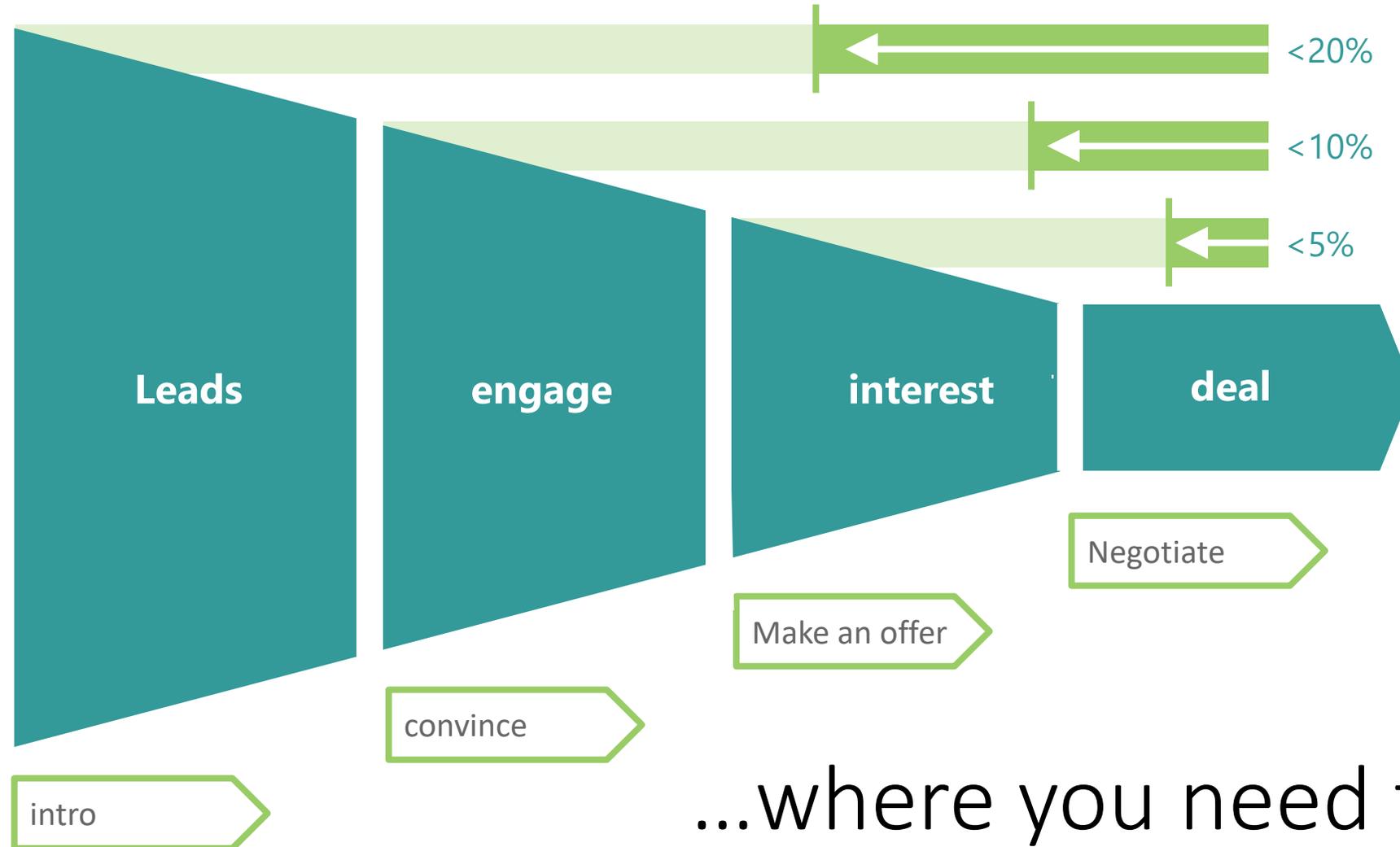
Lead Investor
Very hard!

- Professional investor
- Avg tickets: €100-300k
- Will lead the negotiation on behalf of all investors
- Expect a strong rights for the Lead Investor

Late Investors
Hard!

- Professional or BAs
- Avg tickets: €100-300k
- Will lead the negotiation on behalf of all investors
- Expect a strong rights for the Lead Investor

5. It's a (particular) sales process...



...where you need to learn

Build your lead list

- Here you have a first list
- Add your own
- Check consistency
- Categorize
- Rank

	priority	organiza	type	stage	tick
1	M	Anterra Ca	Strategic	seed-growth	
2	L	Givaudan	Strategic	seed	
3	M	CPT Capita	Family office	seed-growth	
4	H	EFKO	Strategic	seed-early	
5	M	Puratos	Strategic	seed-early	
6	L	United Ver	VC	seed-early	
7	M	Danone	Strategic	early-growth	
8	L	Big Idea Fu	VC	seed-early	
9	M	EIT Food	Strategic	seed-early	
10	M	Rabobank	Strategic	seed-growth	
11	M	Rotschild	Family office	seed-early	
12	L	Pepsico	Strategic	seed-growth	
13	M	Asahi	Strategic	seed-early	
14	L	Oetker	Strategic	seed-growth	
15	M	LDC	Strategic	seed-growth	
16	L	5 Season V	VC	seed-early	
17	M	Nestlè	Strategic	seed-growth	
18	L	Maersk	Strategic	seed-early	
19	L	Leadx capit	VC	seed-early	
20	L	bler	Strategic	seed-early	



Engage and track (the hard part)

- Daily tracking:
 - Update engagement status and planning daily
- Weekly tracking:
 - How far are you from your financial needs)
 - How are your fundraising metrics doing?
 - Is your coming week manageable



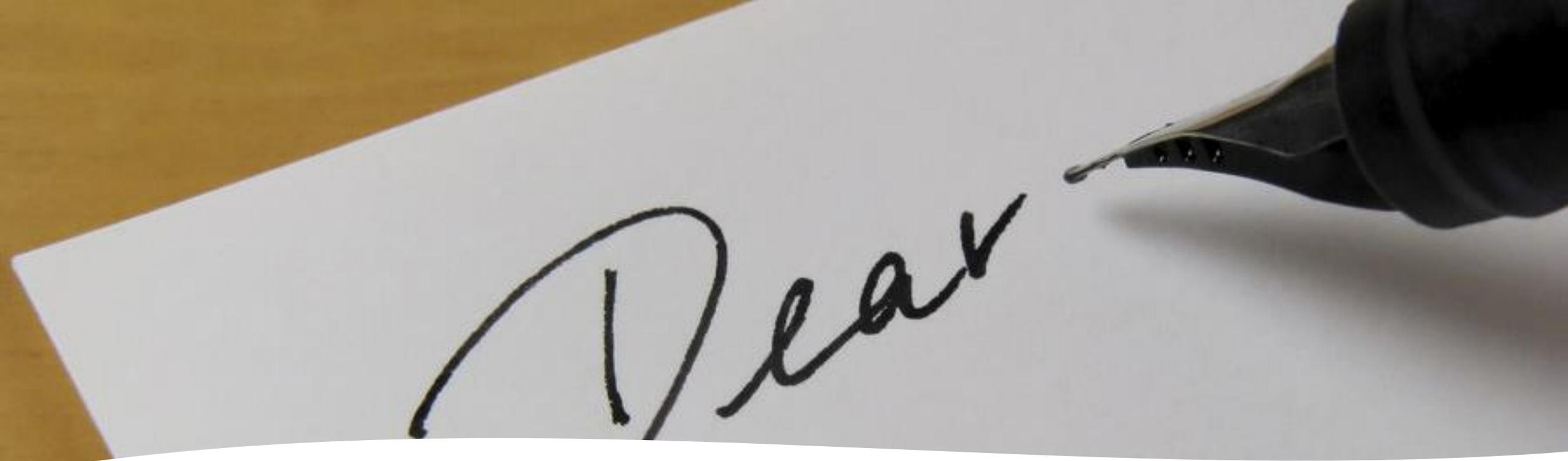
6. Plan your fundraising

1. Start with a test!
(reach out to a short list of “forgiving” investors):

- Check documentation
- Check your financial ask
- Check your valuation
- Try to get some soft commitments (even just an email → nice start)

2. Iterate larger calls:

- Call 1 – direct contacts
- Call 2 – warm intros
- Call 3 – cold intros



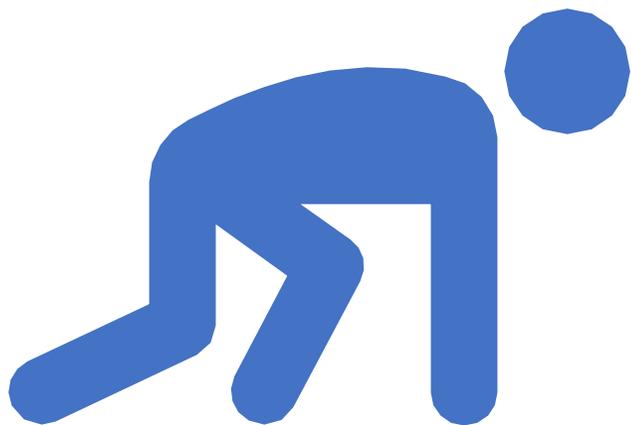
No bulk emails

- Customize each single email
(forget about mailchimp and woodpecker)
- Get your templates ready:
 - Investor email template
 - Intro email template
 - Company blurb (30 se EP)

Speed it up with a Convertible Note

- PRO: easy to sign, very simple strings, immediate access to cash
- CO: expect large discount for investor to compensate for risk

- Typical Structure:
 - LOAN MONEY: €50-100K
 - REPAYMENT: 36 months
 - DISCOUNT: 20-30%
 - MARKET CAP



Be ready!

Read More

- ***“Venture Deals, Be smarter than your lawyer and Venture Capitalist”*** Brad Feld, Jason Mendelson, (also audio book)
- **“How does an early-stage investor value a startup?”**, Seedcamp, <http://seedcamp.com/resources/how-does-an-early-stage-investor-value-a-startup/>
- Blogs or websites:
 - 50 Folds
 - Investopedia
 - Startupcompanylawyer
 - venturehacks



Cheers!



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