



LJUBLJANSKI UNIVERZITETNI  
INKUBATOR

# VENTURE CAPITAL "SCHNELLKURS"

Jakob Gajšek

# What is venture?

**Investing in  
super-fast-and-high-growth  
companies.**

*5-7 year exit period.*

**DOES VC ACTUALLY HAVE AN IMPACT?**

# Employee growth:

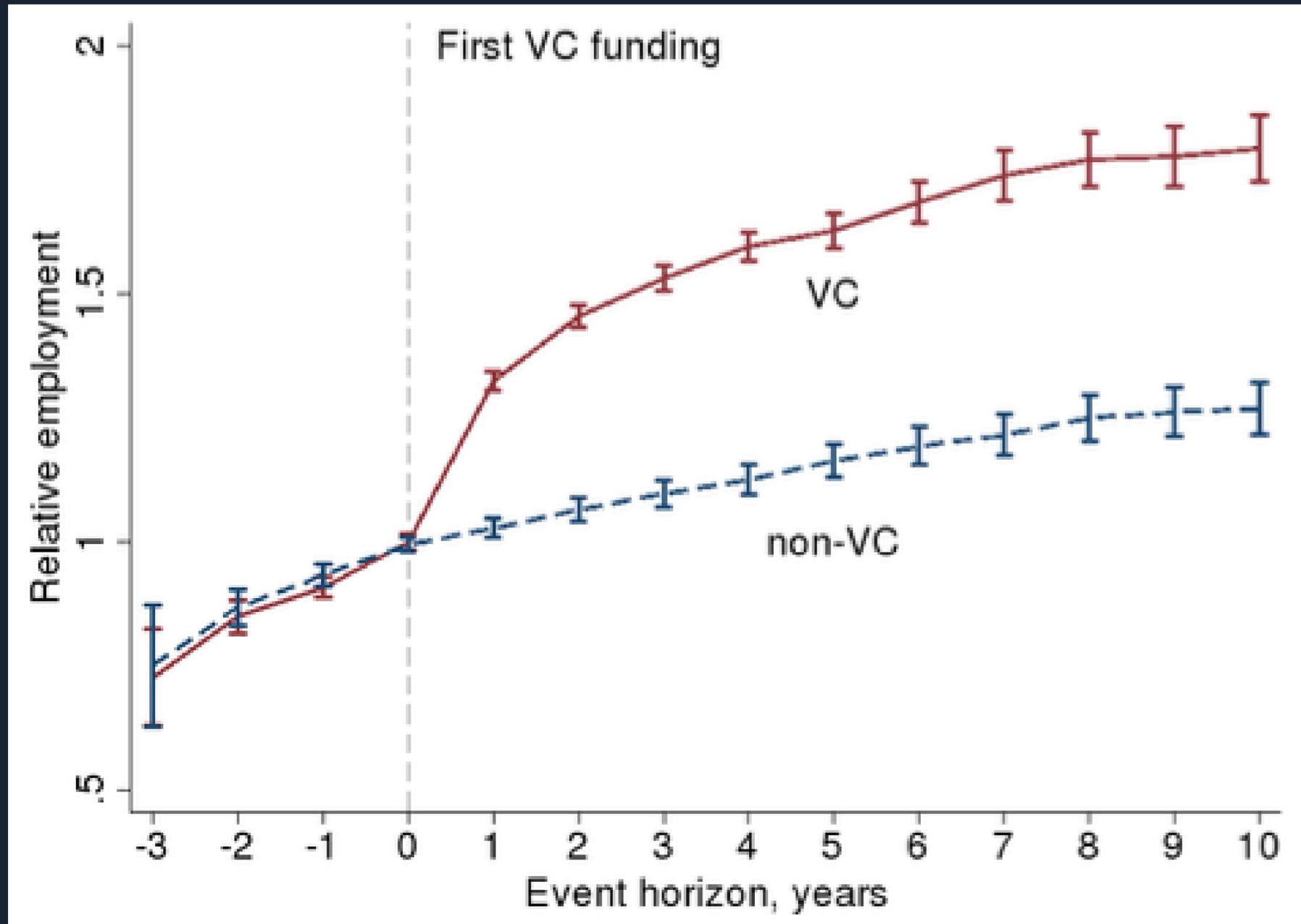
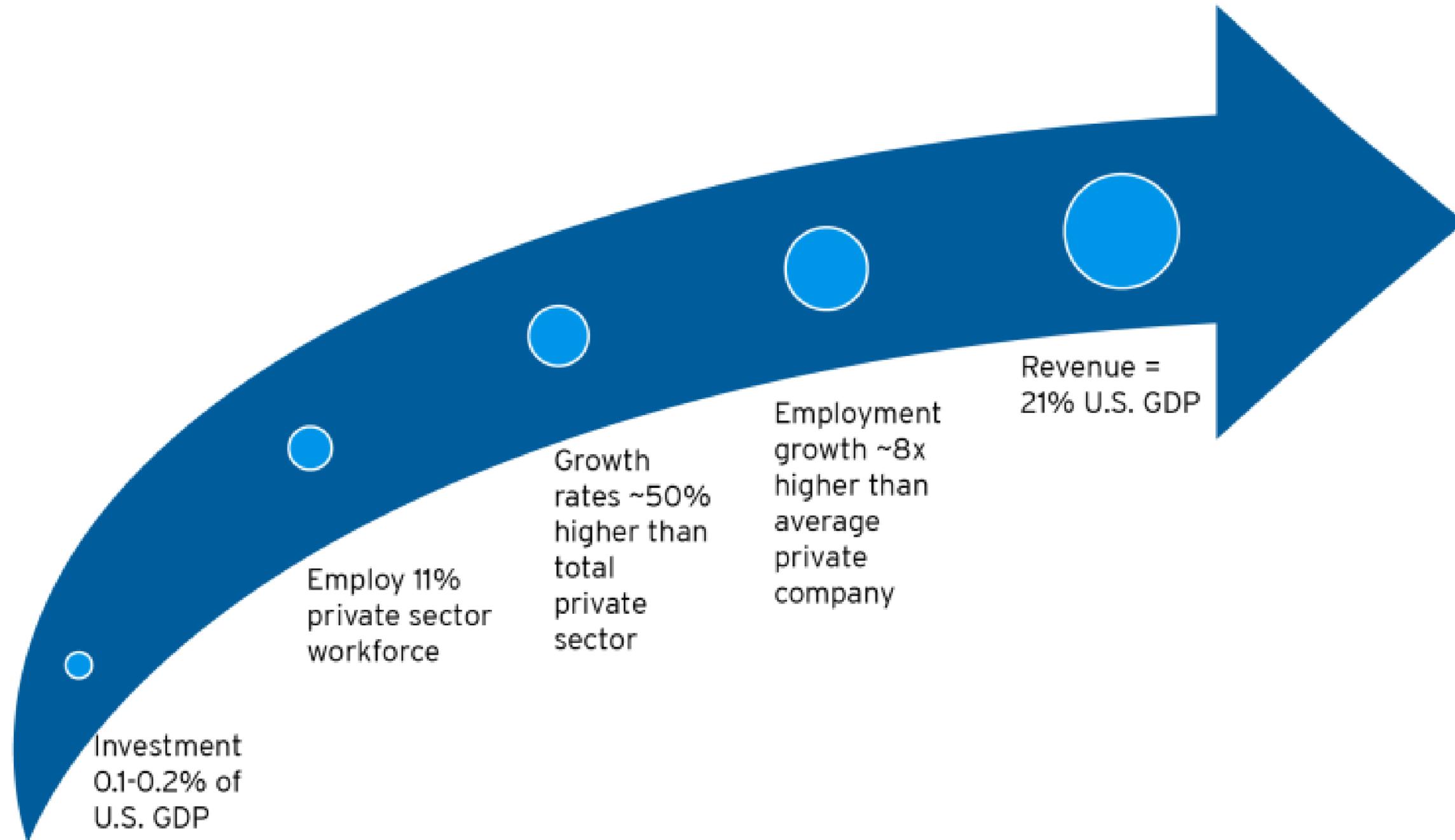


FIGURE 1

## Venture capital-backed companies drive economic growth



Source: Annaleena Parhankangas, "The Economic Impact of Venture Capital"

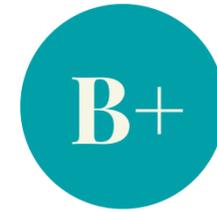
Company growth 28% lower  
if we remove VC.

<https://voxeu.org/article/impact-venture-capital-backed-firms-aggregate-economy>



# Investment stages

# INVESTMENT STAGES



Series B and onward



Series A



Seed



Pre-seed

# FUNDRAISING MAJOR MILESTONES

VC IS LIKE A LADDER.

YOU GET MONEY ON ONE PEG  
TO GET TO THE NEXT.

WHAT ARE YOUR PEGS?

# LADDER OF PROOF



- Rapid Growth  $NfX$
- Other Defensibilities
- Network Effects
- Good Company Name
- Business (Not Product)
- Competitive Opening
- High LTV
- Low CAC
- Channel Partnerships
- Reputable Investors
- Team in One Place
- Scalable Aquisition
- Good Unit Economics
- Paying Customers
- Customer Retention
- Active Users
- Customer Waitlist
- Ability to Build Product
- Expert Advisors
- Fresh, Good Idea
- Great Team
- Big Market
- Customer Need

# PRE-SEED STAGE

## INVESTMENT SIZE

- Region: a few 10k€
- Global: 50-100k€

## WHO IS INVESTING?

- F&F&F
- Accelerators
- Business Angels (individually)
- Public grants
- PoC

## REQUIREMENTS

- Team (!)
- Idea and market potential
- MVP
  
- Goal: Develop product and test market

# SEED STAGE

## INVESTMENT SIZE

- Region: up to 500k€
- Global: up to \$1M

## WHO IS INVESTING?

- VC Funds
- Angels (consortium)

## REQUIREMENTS

- Team (!!)
- Idea and market potential
- Product
- First market response
  
- Goal: Properly enter the market



# SERIES-A STAGE

## INVESTMENT SIZE

- Region: 1-2M€
- Global: 5-10M€

## WHO IS INVESTING?

- VC Funds
- Angels (consortium) - rare
- Corporations

## REQUIREMENTS

- Team (!!)
- Repeatability
- Metrics
- Idea and market potential
- Product
  
- Goal: Segment dominance

# SERIES-B+ STAGE

## INVESTMENT SIZE

- Region: 5+ M€
- Global: 50+ M€

## WHO IS INVESTING?

- VC Funds
- Corporations
- Family offices
- Private equity & hedge funds

## REQUIREMENTS

- Repeatability
- Metrics
- Goal-driven
  
- Goal: very explicit

# FINDING THE RIGHT INVESTOR

STAGE

SECTOR

LOCATION

**Why is startup – investor fit so important?**

## Why Choosing A VC Is Like Choosing A Spouse



Adam Marchick Contributor

Entrepreneurs

*I write about Voice-first, AI, mobile and their intersections.*

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### TWEET THIS



Committing to a relationship with a VC is committing to the long-term. In romantic terms, it's a marriage, not a casual drink



Committing to a relationship with a VC is committing to the long-term. In romantic terms, it's a marriage, not a casual drink



**What to consider before you put a ring on it**



Committing to a relationship with a VC is committing to the long-term. In romantic terms, it's a marriage, not a casual drink or weekend



getaway. In fact, venture capital/startup relationships last just as long as most marriages -- around 7 or 8 years -- and can be just as emotionally taxing.



# Types of investors

# Types of investors

## Financial vs. Strategic

# Business Angels

Financial

Manage own money

Individuals, clubs

Patient

Smaller tickets

Invest in what they know

# Venture Capital Funds

Financial

Mandate to invest LP money

Investment strategy

5y + 5y + 1y + 1y

Size varies

# Family office

Huge variety!

Financial

Professionally-managed

large private wealth

Single / Multi

Patient

# Corporate Venture Capital

Strategic (usually)  
Fund vs off the balance-sheet  
Usually later-stage

IS THERE  
FUNDRAISING FROM THE REGION  
ANYBODY  
OUT THERE?

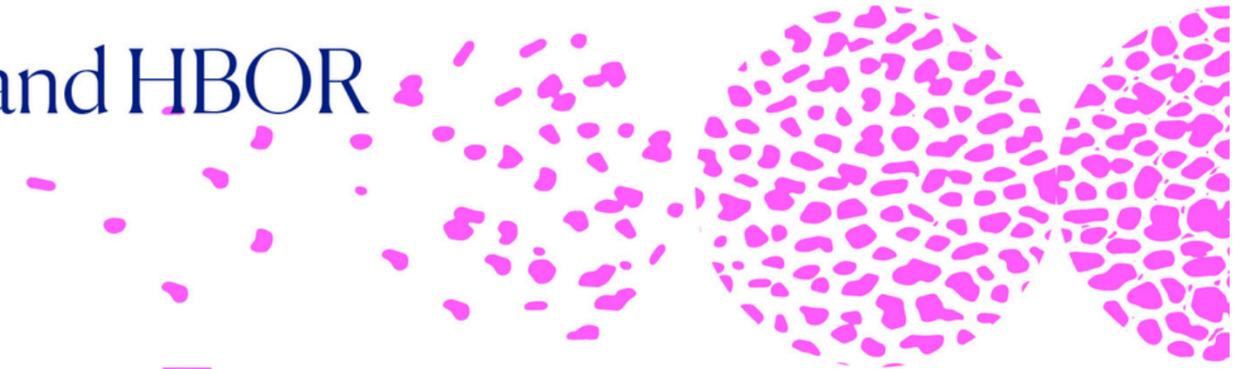


**PUSH  
VENTURES**



**IST**   
cube

EIF, SID Banka and HBOR



Central Eastern European  
Technology Transfer Programme

**€ 40 million**

*supporting the commercialisation of research*

LAUNCHPAD LA

i/o ventures



Excelerate

KICKLABS

Y Combinator

500 startups

DREAMIT VENTURES



AngelPad



Seedcamp



L39

Barclays Accelerat

FUSION



FinTech Innovation Lab



LAUNCHHub SEED & ACCELERATION FUND



# STRUCTURING A DEAL



# WHAT TO DO BEFORE THE DEAL?

**IDEALLY:**

**GET INVESTED, DON'T RAISE MONEY.**

WHERE ARE YOU IN YOUR  
DEVELOPMENT?

WHAT ARE YOUR SKILL GAPS?

CAN THEY OFFER MORE THAN JUST  
CAPITAL?

DO  
YOUR  
HOMEWORK.

STRATEGIC OR FINANCIAL INVESTOR?

WHAT IS THEIR MOTIVATION?

HAVE A RELATIONSHIP STRATEGY.

EXTRACT VALUE!

DO THEY  
UNDERSTAND  
YOU?

WHERE ARE THEY IN THEIR FUND  
CYCLE?

CAN THEY SUPPORT YOU?  
(ABILITY + WILLINGNESS!)

THEIR REPUTATION?

ASK PEERS.

ARE TERMS FAIR AND  
FOUNDER-FRIENDLY?

POWER BALANCE?

YOU'RE ACTUALLY BUILDING THIS...  
THEY PROVIDE FUEL.

ASK TOUGH QUESTIONS!

YOU SELL TO THEM,  
THEY SELL TO YOU.

# HOW DO INVESTORS REVIEW DEALS?

# PITCH DECK REVIEW

THESIS FIT

CHEQUE SIZE

VIABLE SOLUTION TO REAL PROBLEM

MARKET SIZE

COMPETITION

# 1ST CALL/MEETING

UNDERSTAND STARTUP'S VISION

STARTUP'S EXECUTION

TEAM – SKILLS, DYNAMIC, CULTURE

PLANS FOR THE MONEY. BE SPECIFIC.



# FOLLOW-ON MEETINGS

LEGITIMATE TECH, SECURE IP?

CAN YOU GROW FAST ENOUGH?

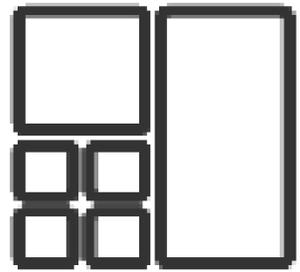
ARE YOU ASKING FOR ENOUGH MONEY

TO GET TO NEXT STEP?

CAN YOU WORK TOGETHER?



# INTERNAL CONSIDERATIONS



---

Complement  
or conflict  
with portfolio



---

Capital to defend  
or follow



---

Do we have  
capacity to work  
the deal?



---

Can we add  
value?



---

FOMO

DEAL STARTS  
HAPPENING!

WHERE SHOULD A FOUNDER SPEND  
THEIR TIME IN THE DEAL?

VALUATION  
TERMS

**TERMS**

**VALUATION**

# VALUATION

HOW DO YOU VALUE  
AN EARLY-STAGE BUSINESS?

VALUATION

HOW DO YOU VALUE  
AN EARLY-STAGE BUSINESS?

**NO! DON'T!**

LOGIC:

GIVE THEM THE MONEY THEY NEED.  
TAKE 15-20% OF EQUITY.

IT'S A NEGOTIATION. USE DATA!

TRANSPARENT PROCESS ON BOTH  
SIDES!

DON'T PAY SOMEONE TO VALUE YOUR  
COMPANY.

# VALUATION GROWTH BETWEEN ROUNDS:

**2,5-3X!**

# CAP TABLE – STANDARDS

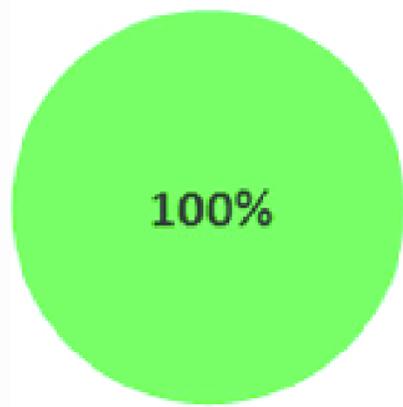
PRE-SEED: 10%-ISH

SEED - 10-20%

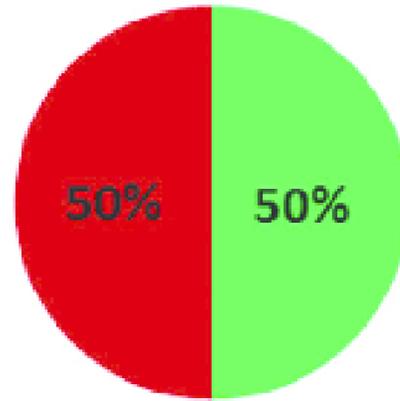
SERIES A . 20-25%

LATER... NO RULE. USUALLY 20%-ISH

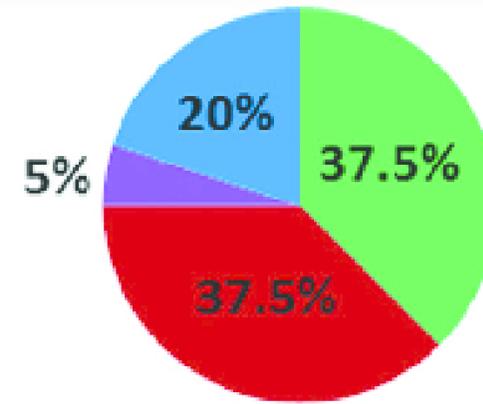
# CALCULATING DILUTION



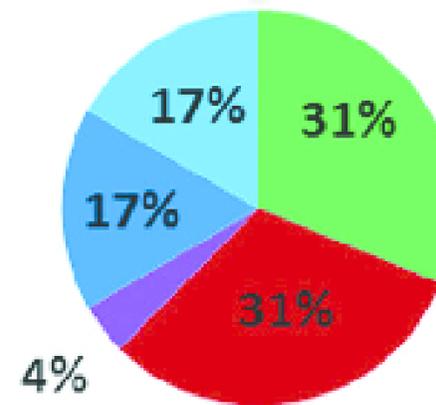
**IDEA STAGE**



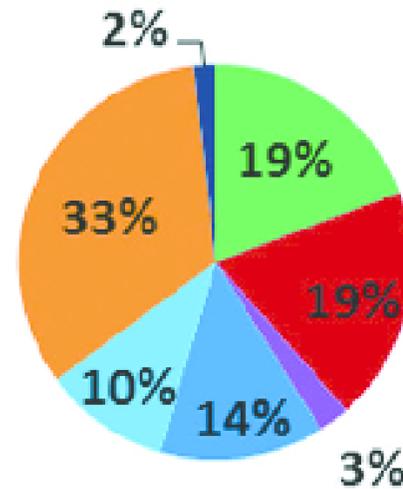
**COFOUNDER STAGE**



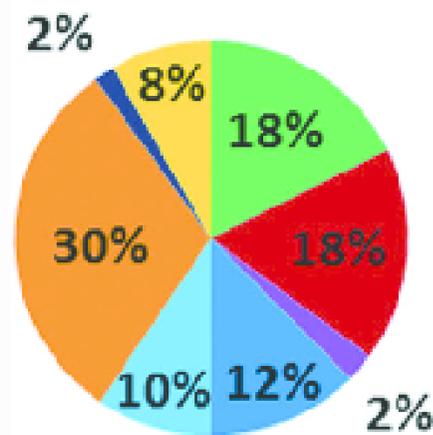
**FAMILY & FRIENDS**



**SEED ROUND**



**VENTURE CAPITAL**



**IPO**

- Founder 1
- Founder 2
- Family & Friends
- Option pool
- Angel
- VC
- Employees
- Public

# NEGOTIATING A TERM SHEET

**TERMS**

**VALUATION**

**1. ECONOMIC TERMS**

**2. CONTROL TERMS**

<b>Chapter 5</b>	<b>Economic Terms of the Term Sheet</b>	<b>45</b>	<b>Chapter 7</b>	<b>Other Terms of the Term Sheet</b>	<b>91</b>
	<a href="#">Valuation and Price</a>	45		<a href="#">Dividends</a>	91
	<a href="#">Employee Option Pool</a>	47		<a href="#">Redemption Rights</a>	93
	<a href="#">Warrants</a>	50		<a href="#">Conditions Precedent to Financing</a>	95
	<a href="#">How Valuation Is Determined</a>	52		<a href="#">Information Rights</a>	97
	<a href="#">Liquidation Preference</a>	54		<a href="#">Registration Rights</a>	98
	<a href="#">Pay-to-Play</a>	63		<a href="#">Right of First Refusal</a>	100
	<a href="#">Vesting</a>	66		<a href="#">Voting Rights</a>	102
	<a href="#">Exercise Period</a>	70		<a href="#">Restriction on Sales</a>	102
	<a href="#">Antidilution</a>	71		<a href="#">Proprietary Information and Inventions Agreement</a>	103
				<a href="#">Co-Sale Agreement</a>	104
<b>Chapter 6</b>	<b>Control Terms of the Term Sheet</b>	<b>77</b>		<a href="#">Founders' Activities</a>	105
	<a href="#">Board of Directors</a>	77		<a href="#">Initial Public Offering Shares Purchase</a>	106
	<a href="#">Protective Provisions</a>	81		<a href="#">No-Shop Agreement</a>	107
	<a href="#">Drag-Along Agreement</a>	85		<a href="#">Indemnification</a>	110
	<a href="#">Conversion</a>	88		<a href="#">Assignment</a>	110

# INVESTMENT INSTRUMENTS

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## EQUITY

Investors buy shares  
Valuation is negotiated now  
They get all shareholder rights  
now  
Notary?  
Slightly more expensive

# INVESTMENT INSTRUMENTS

## CONVERTIBLE LOAN/NOTE

Debt secured by equity  
Valuation determined later  
Rights granted later  
Conversion at next round  
Cap / Discount  
Cheaper, faster  
Debt liquidates before equity

# INVESTMENT INSTRUMENTS

## S.A.F.E.

Simple Agreement for Future  
Equity

Conversion at next round

Rights granted later

Valuation determined later

Cap / Discount

Cheapest

Very risky for the investor

# VESTING

## Typical Vesting Schedule

