

DSMUSA

DES MOINES, IOWA



Raising Capital Seminar

March 25, 2019



DSMpartnership.com

RAISING CAPITAL SEMINAR

THANK YOU TO OUR SPONSOR



Brown Winick
ATTORNEYS AT LAW®

#DSMUSA



Produced by

**GREATER DES MOINES
PARTNERSHIP**



DSMUSA

DES MOINES, IOWA



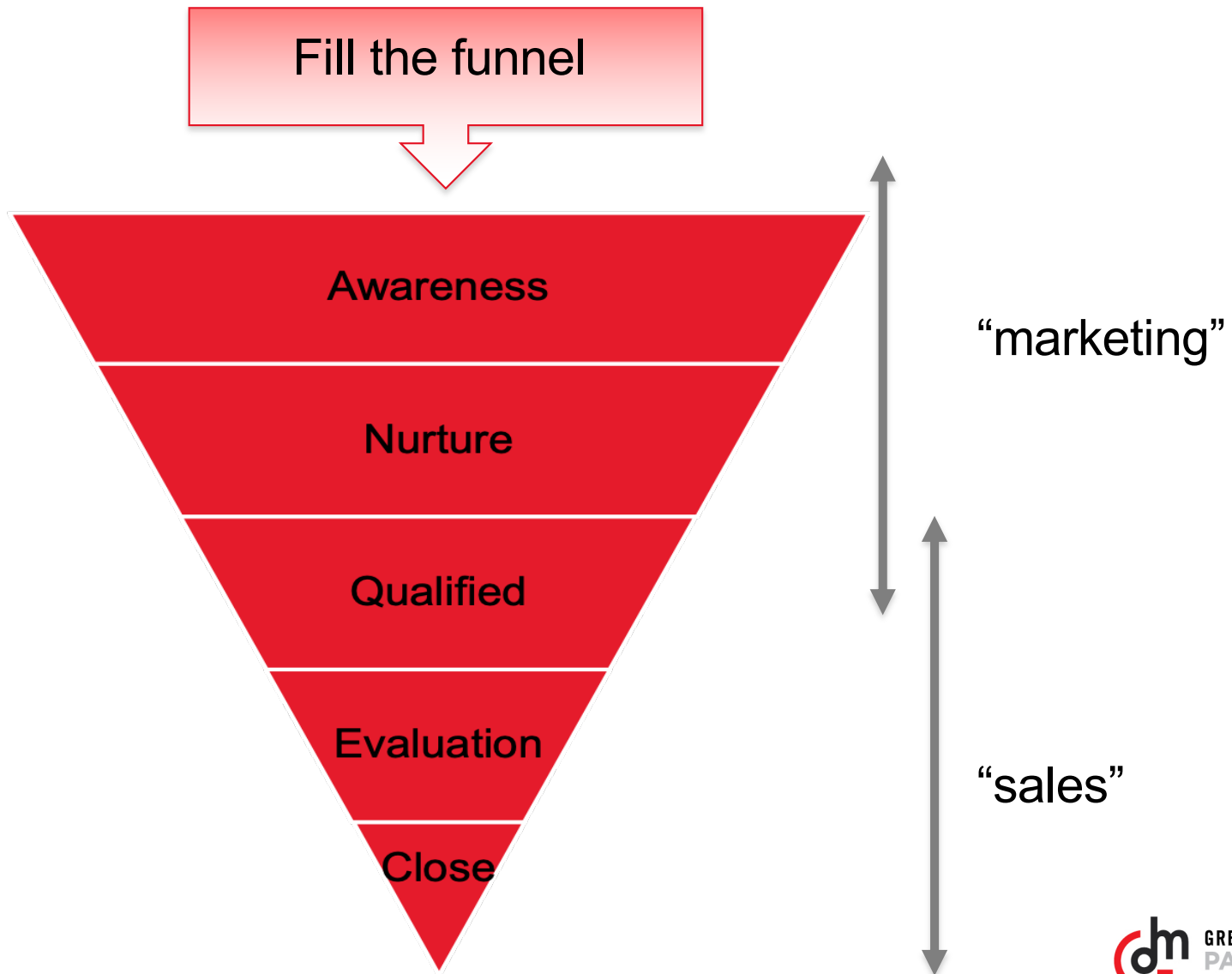
Fundraising process

Charise Flynn



DSMpartnership.com

Fundraising is a sales process!



Different Investor Strategies

1. Friends and Family Round

- Often company will set terms
- Multiple friends and family members will invest
- Likely won't have a board seat

2. Angel / Seed Round led by company

- Often company will set terms
- Multiple individual angels or angel groups will invest
- Likely won't have a board seat

Different Investor Strategies, cont

3. Angel / Seed Round with lead investor
 - Often lead investor will set terms
 - Typically will invest a minimum of 20% - 25% of the total amount raised
 - Likely have experience / knowledge that is relevant to your company
 - May require board seat
 - Likely to be more *hands on* in next round
4. Strategic Investors

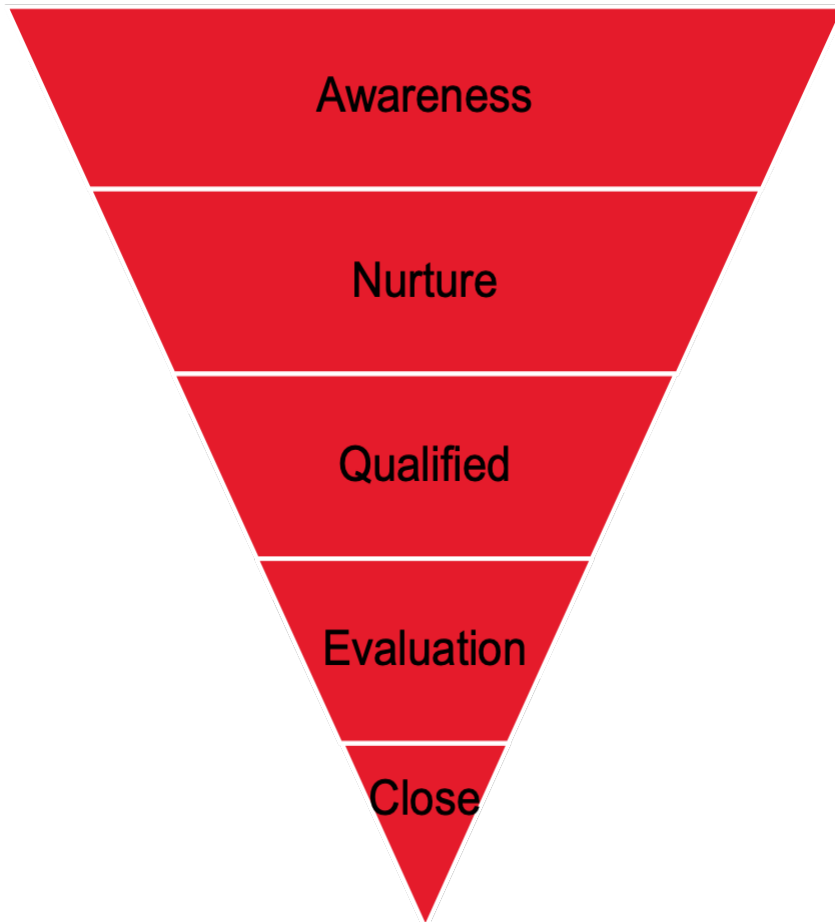
Trade-offs of Strategic Investors

Strategic Investors

- May help by:
 - Opening the door to a commercial deal
 - Legitimizing the company
 - Lending domain expertise
- May hurt by:
 - Doing what is in their selfish self-interest
 - Having a disproportionate influence on the direction of the company
 - Inhibiting certain competitors from doing business with you
 - Blocking future investment rounds

Build an investor “lead list”

Fill the funnel



“Ideal Investor Profile”

- Stage
- Sector
- Customer Type
- Revenue
- Demographics
- Have they invested in your competitors?
- Category

From blog <https://blog.bolt.io/investor-lead-list-bbc9bc78adc>

YourCo, Inc - Investor Lead List

| Firm | Fund Size | Check Size | Leads? | Ideal contact | E-mail | Companies like mine | Word on the street |
|-----------------------------|-----------|------------|--------|---------------------|--|---|--|
| Bolt VC | \$80m | \$500k | Yes! | Kate McAndrew | kate@bolt.io | Core Wellness, Lumos, Droplette, One Drop | Interested in companies at the intersection of hardware and software. Especially early stage. Is also interested in pre-seed consumer packaged goods (CPG) |
| Mountain Rose VC | \$25M | \$100k | no | Claude Monet | claud@mountainrose.com | Soil, Prune, Thom | likes to follow Marden |
| Incense Rose | \$100M | \$1M+ | no | Ellsworth Kelly | ekelly@incense.io | | must have revenue |
| Burnet Rose VC | \$150M | \$2M | yes | Adriaen van Utrecht | adriaen@burnet.vc | Biodiversity, Glove, Germinate | |
| Multiflora Venture Partners | \$110M | \$1M+ | yes | Roy Lichtenstein | roy@multifloravc.com | | must have revenue |
| Musk VC | \$125M | \$1M+ | yes | Margareta Haverman | mhaverman@muskvc.com | | |
| Cinnamon Rose Ventures | \$100M | \$1M+ | yes | Édouard Manet | edouard@crv.com | | |
| Cherokee Rose | \$60M | \$250k | no | Vincent van Gogh | vvg@cherokeeose.com | Prune, Aerate, Polenate | |
| Camellia Rose Ventures | ? | not sure | no | Georgia O'Keeffe | georgia@camelliaroseventures.com | | |
| Mardan Rose | \$80M | \$500k | yes | Takashi Murakami | takashi@mardenrose.com | Perennial | |
| Golden Rose of China | \$100M | \$1M+ | yes | Alex Katz | akatz@grc.com | Aerate | likes to see \$1M ARR |
| Sulphur Capital | \$150M | \$2M+ | yes | Andy Warhol | andy@sulphurcapital.com | | |
| Redleaf Rose | ? | \$250k | yes | Ann Craven | ann@redleaf.com | Germinate | |

Tools to utilize to research and find investors

- Crunchbase
- Pitch Book
- Public Lists

[The most active hardware investors](#), Chris Quintero <https://bit.ly/2DC76le>

[VC Funds below 200M](#), by Shai Goldman of SVB <http://bit.ly/2xKWz80>

[Investors in Europe](#), by Techstars <http://bit.ly/2Ik93rg>

[LA/Socal Investors](#), by Greg Bettinelli of Upfront <http://bit.ly/2xVCOKp>

Regional Angel Syndicate

- Seed Step Angels – Oklahoma City
- Plains Angels – Des Moines
- Nebraska Angels - Omaha
- Gopher Angels - Minneapolis
- Sofia Fund - Minneapolis
- Women's Capital Connection – Fairway Kansas
- Mid America Angels - Fairway Kansas
- Rockies Venture Club – Colorado

Note: regional syndicates have a history of sharing deal flow

Surrounding State Angel Groups

Hyde Park Angels

IrishAngels

Harvard Business School Angels

Caerus Investment Partners

Cornerstone Angels

Heartland Angels

Elevate Ventures

Gravity Ventures

VisionTech Angels

Plains Angels

Ames Seed Capital

Corridor Angels

Red Cedar Seed Fund

Chicago IL

Chicago IL

Chicago IL

Chicago IL

Northbrook IL

Skokie IL

Indianapolis IN

Indianapolis IN

Indianapolis IN

Des Moines IA

Ames IA

Cedar Rapids IA

Cedar Falls IA

Surrounding State Angel Groups (cont.)

| | |
|--|---------------|
| iSELECT FUND | St Louis MO |
| Billiken Angels Network | St Louis MO |
| St. Louis Arch Angels | St Louis MO |
| Allen Angel Capital Education Program (AACE) | Columbia MO |
| Nebraska Angel Network | Lincoln NE |
| Linseed Capital | Omaha NE |
| Treetop Ventures | Omaha NE |
| Wisconsin Investment Partners | Madison WI |
| Golden Angels Investors | Brookfield WI |
| Phenomenelle Angels | Madison WI |
| Wisconsin Super Angel Fund | Milwaukee WI |
| Angels on the Water | Oshkosh WI |
| Silicon Pastures | Milwaukee WI |
| Marshfield Investment Partners | Wausau WI |

Surrounding State Micro VC funds

Micro-VCs are smaller venture firms that primarily invest in seed stage emerging growth companies, often have a fund size of <\$50M and typically invest between \$25K to \$500K in a given company.

| | |
|---------------------|------------|
| M25 Group | Chicago IL |
| Jumpstart Ventures | Chicago IL |
| Sandalphon Capital | Chicago IL |
| GSV Acceleration | Chicago IL |
| The Impact Engine | Chicago IL |
| Moderne Ventures | Chicago IL |
| Sandalphon Capital | Chicago IL |
| Holdings Industries | Chicago IL |
| Ekistic Ventures | Chicago IL |
| New Stack Ventures | Chicago IL |

Surrounding State Micro VC funds (cont.)

Arch Development Partners

The Pritzker Organization

West Loop Ventures

Continental Advisors

Charmides Capital

Next Level Ventures

Firebrand Ventures

Invest Nebraska

Center for Innovative Technology

Router Ventures

Sophia Fund

Come Up Capital

Bayview Capital

CSA Partners LLC

Chicago IL

Chicago IL

Chicago IL

Chicago IL

Carmel IN

Des Moines

Kansas City MO

Lincoln NE

Virginia NE

Omaha NE

Minneapolis MN

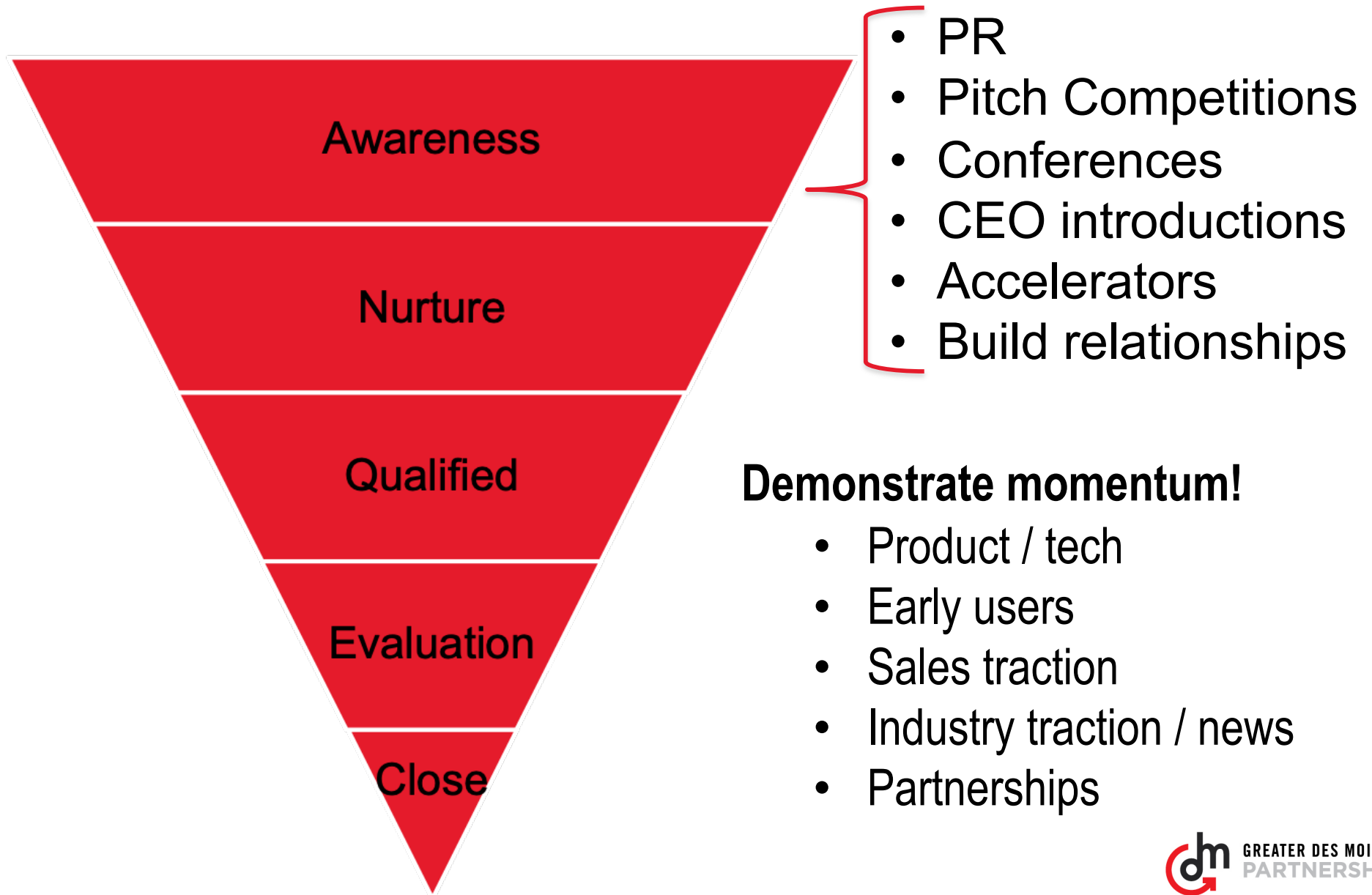
Minneapolis MN

Wayzata MN

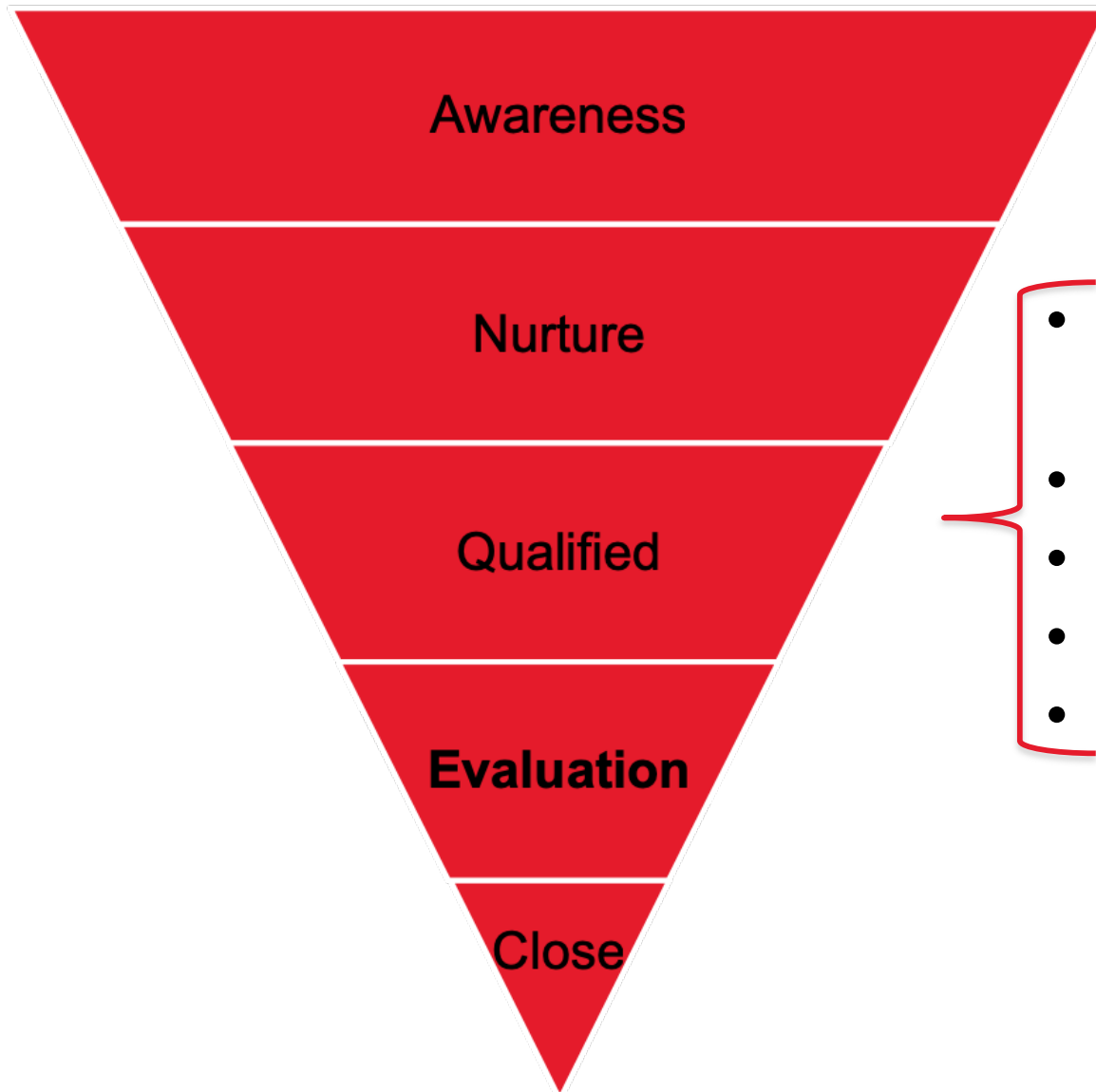
Milwaukee WI



Filling the top of the funnel – inbound strategies

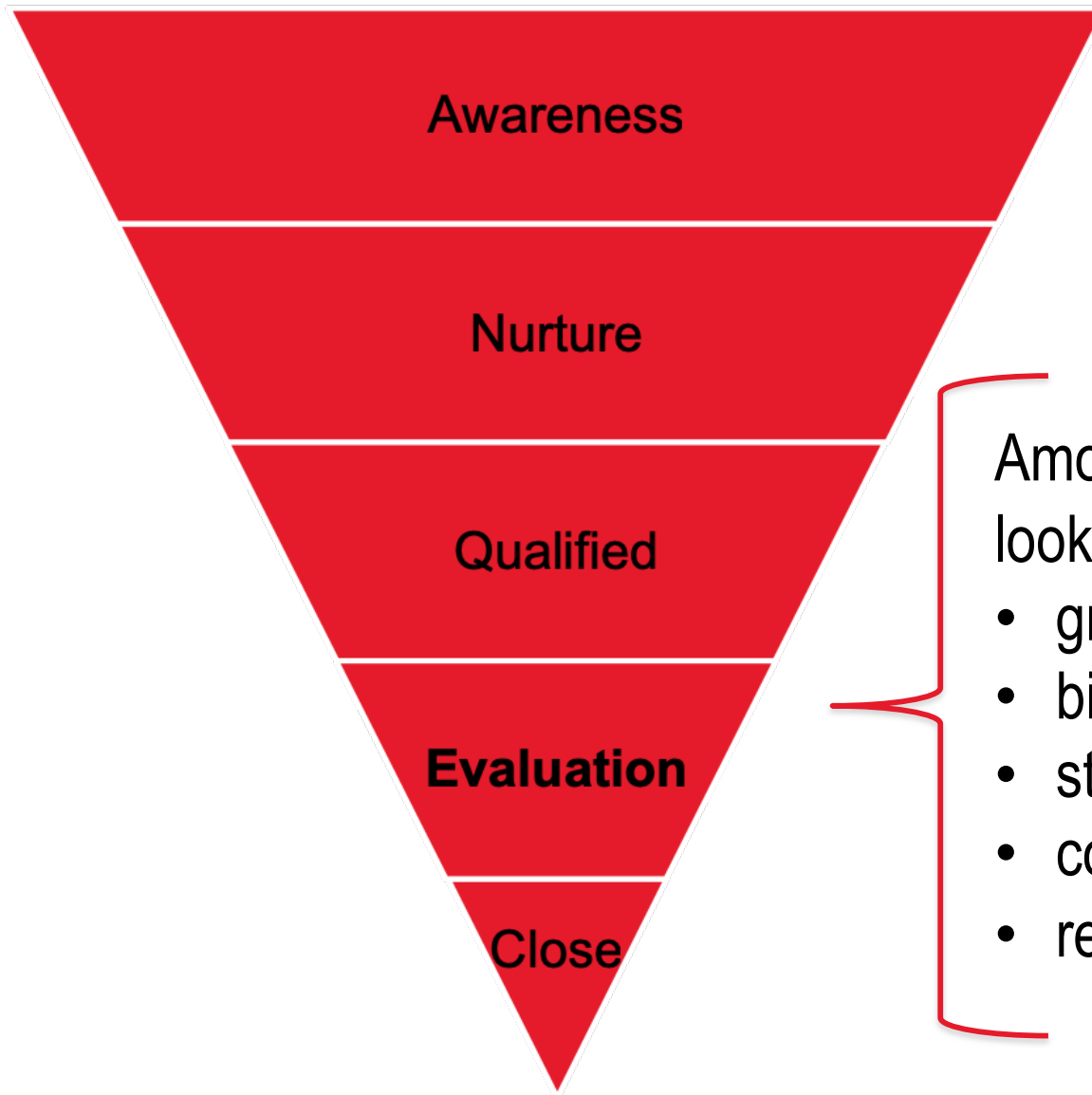


Narrow the funnel as you qualify



- Fund Size (seed usually less than \$100m)
- Check Size
- Lead or no Lead
- Ideal Person to talk to
- Word on the street

As you evaluate investors, they evaluate you!



Among many things investors look for:

- great team
- big market opportunity
- strong business model
- competitive moat
- red flags