

What VCs want to hear: how to raise (or not) in any market

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Venture capital funds invest, advise and raise money



Invest

VCs invest in private companies

They provide capital

and expertise

to help them grow

and raise money

Advise

VCs advise on strategy

and operations

to help them succeed

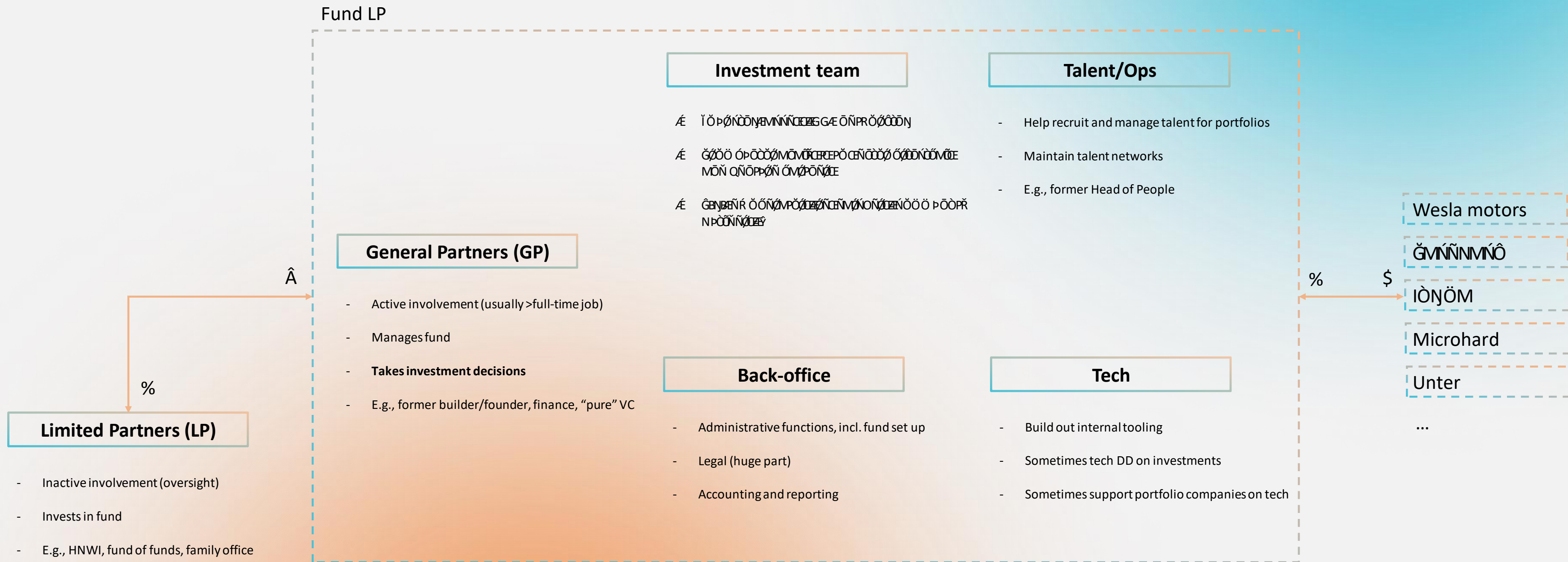
and raise money

Raise funds

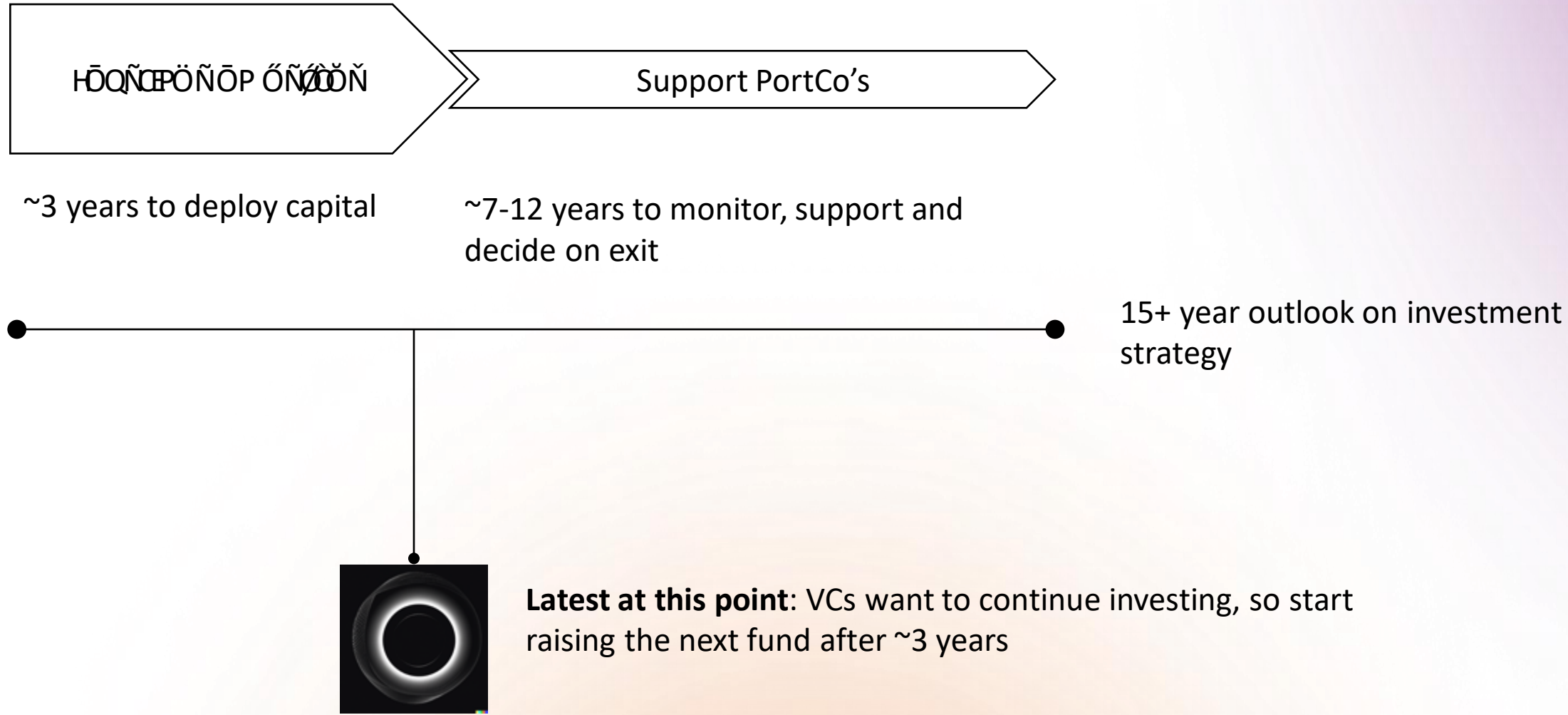
Funds aren't permanent and need to raise capital themselves in order to stay in business. Last 10 years pushed funds to:

- Get bigger and bigger, vintage to vintage
- Run more funds in parallel
- Get more specialized

Funds are structured as partnerships



Venture funds live 15y+, but front-load much of the heavy lifting

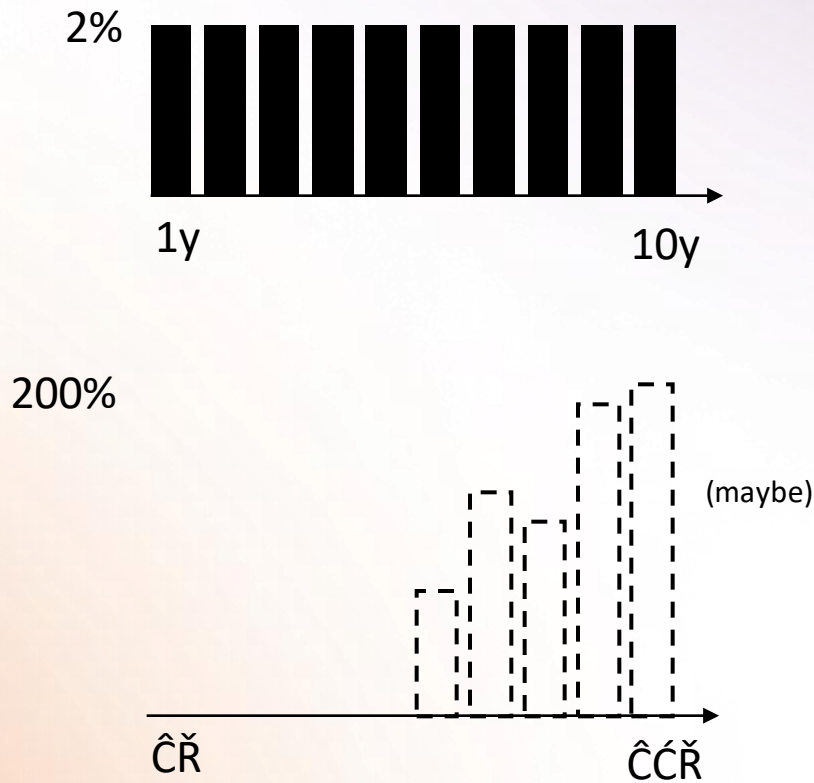


VCs are incentivized to increase AUM and make returns

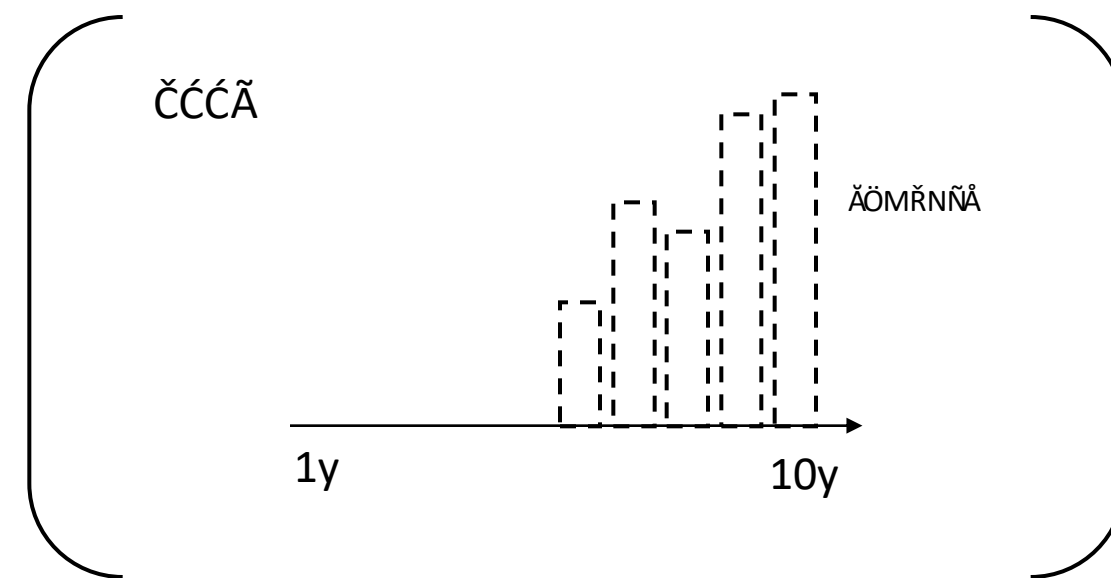
GP ÖNCEMVÖN NÖÖ ÖÑÖCEMPNĚNĚ
 POŽŮPNO PRŮ Ö NĚNOMÖÖÖCE

→ Ì MÖMNYŇÖ NĚPNĚNĚŠ ČÄ ÖBVBÄ
 Necessary to run a fund
 Salaries, legal expenses, etc.
 Scales with fund size

→ Carried interest (~20%)
 Necessary for aligning interest
 GP does well if fund and LPs do well
 Scales with fund returns and size



How do we get the dotted maybe returns??



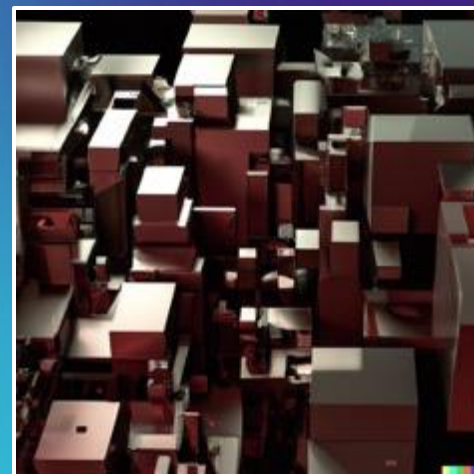
Let's look at the venture machine

Without exits, no returns. Without returns, no fun(d)

Inputs

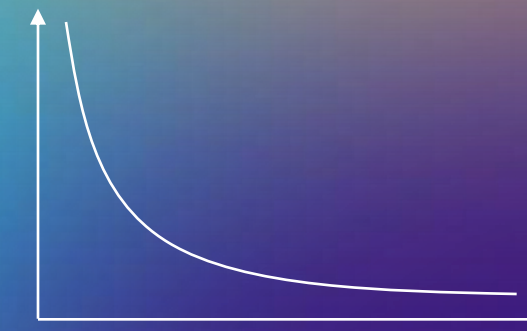
- Seed money
- Deal flow
- Deal sourcing
- Deal selection
- Deal execution

The venture machine



Output parameters

- Wind-downs (fatalities)
- Exits through:
 - Acquisitions
 - Initial Public Offering
 - Tokens
 - Secondaries



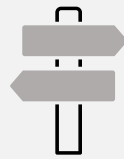
The Power Law drives venture

- Venture means big risk, massive returns
- A few portfolio companies drive returns of the entire fund, ergo:
 - Fatalities don't matter
 - Each investment needs to be able to *at least* return the fund
 - Not every business fits the venture profile

Can be turned into an optimization problem btw:
e.g., objective function is multiple on invested capital.
Find optimal input parameters given risk profile, picking skills, etc.

Decision making is the real skill that matters in venture

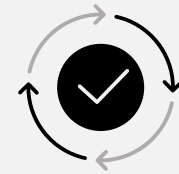
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Fund influences

1. Capital available
2. Stage in fund cycle
3. Attention split (vacation?)
4. Burned topic
5. Competitive investments in portfolio

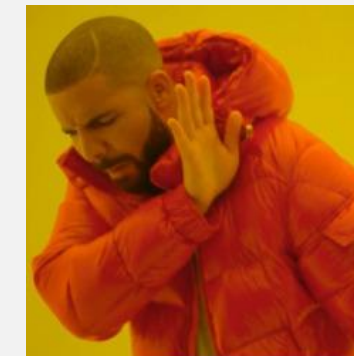
Not exhaustive!



Startup factors VCs consider

1. Exceptional team
2. Market
3. Product/Tech
4. Deal terms
5. Legal setup and cap table

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trying to fundraise for some time, dunno



"We're not fundraising yet... but I'd be happy to chat"

Stuff VCs LOVE

1. Prior exits ("serial entrepreneurs")
2. Traction
3. Momentum in the round
4. Great narrative
5. Being early

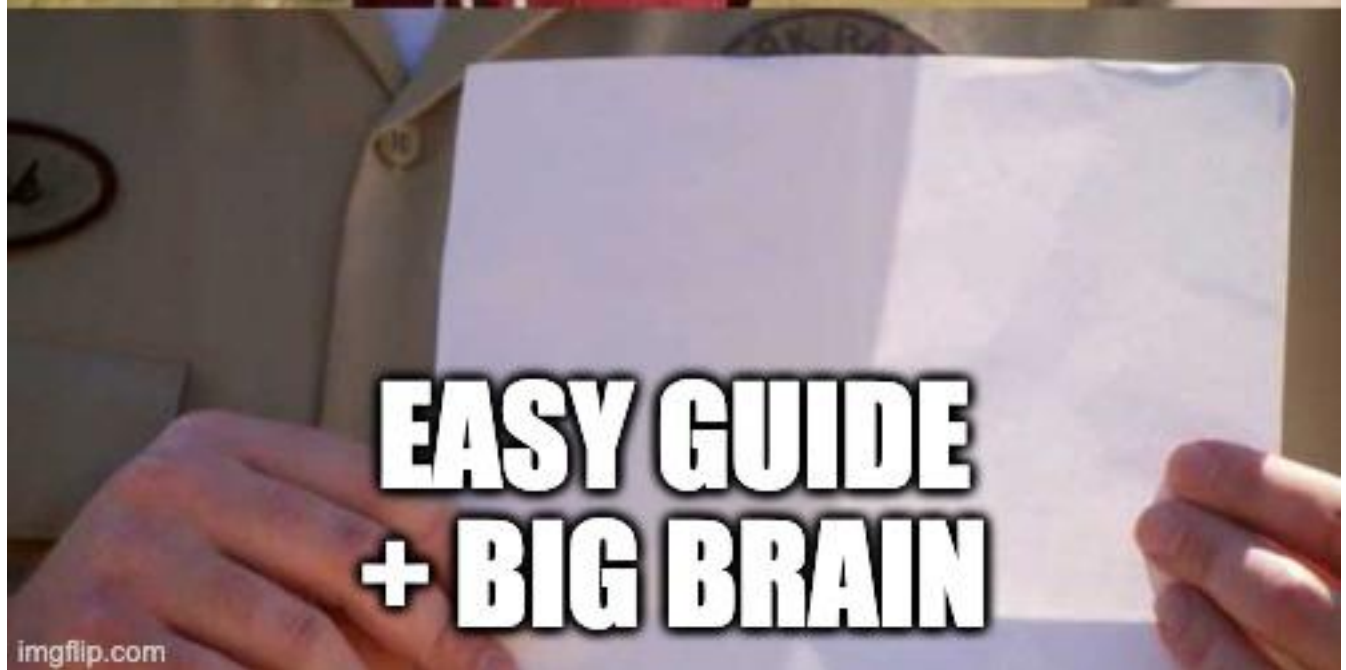
RAISE VC MONEY



**I'm sorry
sir, can't
let you do that.**

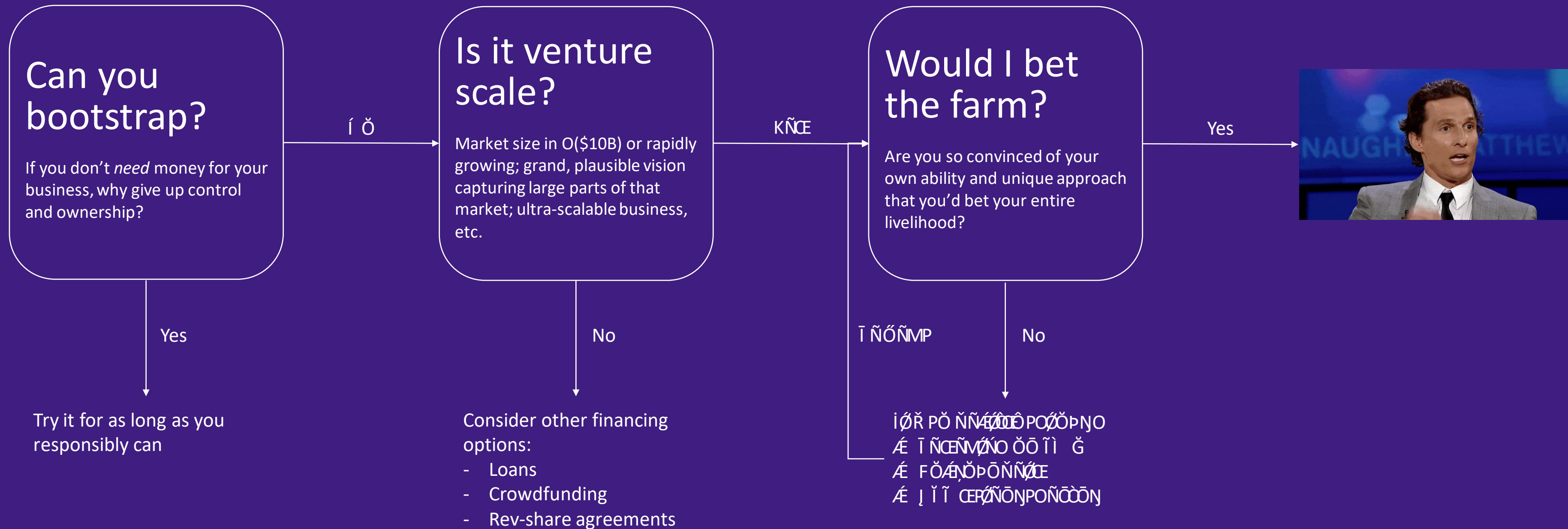


Not to worry. I have a permit.



**EASY GUIDE
+ BIG BRAIN**

Three questions to ask yourself before starting to raise venture capital



Don't be scared, fundraising doesn't have to be horrible. It will be work though

Mechanics of a fundraising process



