

# Start-up growth financing in between angels and VC's

iFORUM2016

gravia



Founder of Gravia.vc - venture investment group, supporting projects in cyber security, SaaS and high-load services. Prior to Gravia.vc, a co-founder and CTO of few IT/internet companies, including Easy Systems (CRM/ERP software development, unified communications), MediaContext AdNetwork and several global high-load projects with up to 1M users/day (cloud storage, CDN, file-sharing).



CEO/Founder



IR/CFO, Board Member



Board Member

# What is this all about?

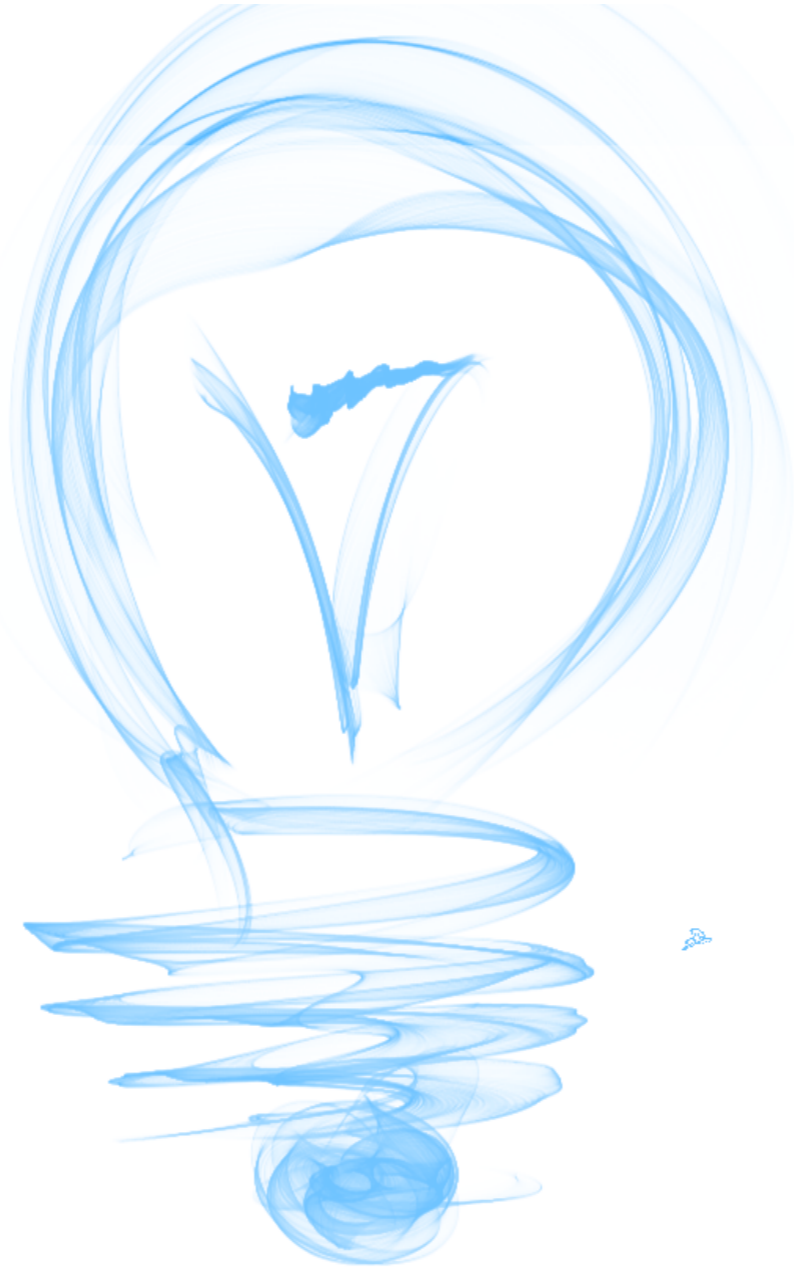
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- unique angel syndicate
- **fundraising versus sales**

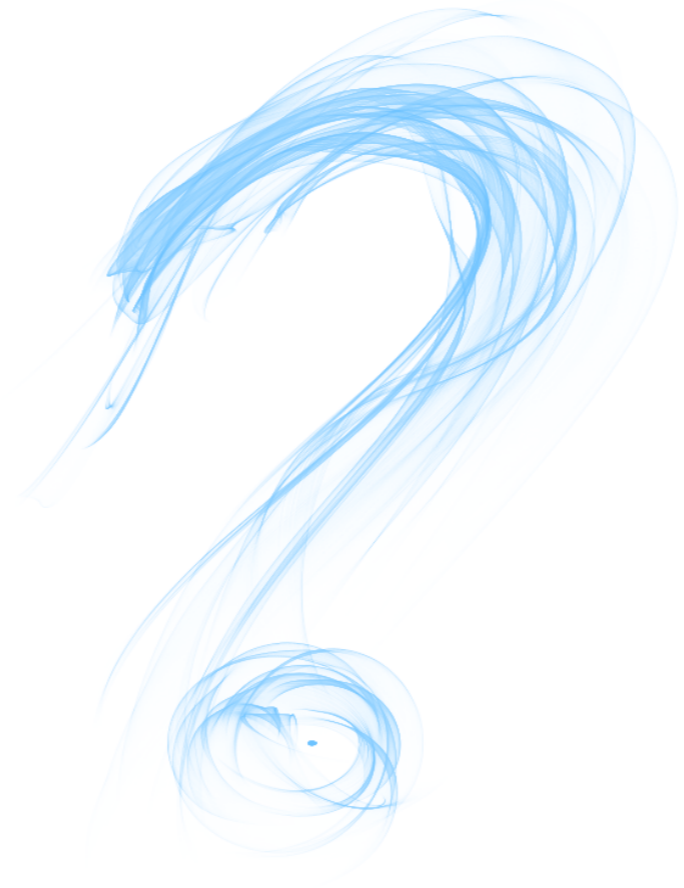


# Early stage financing



\$75K





- **idea only (and team experience)**

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- **3 founders**

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- 3 founders
- **platform R&D (no products yet)**

# Common early stage problems

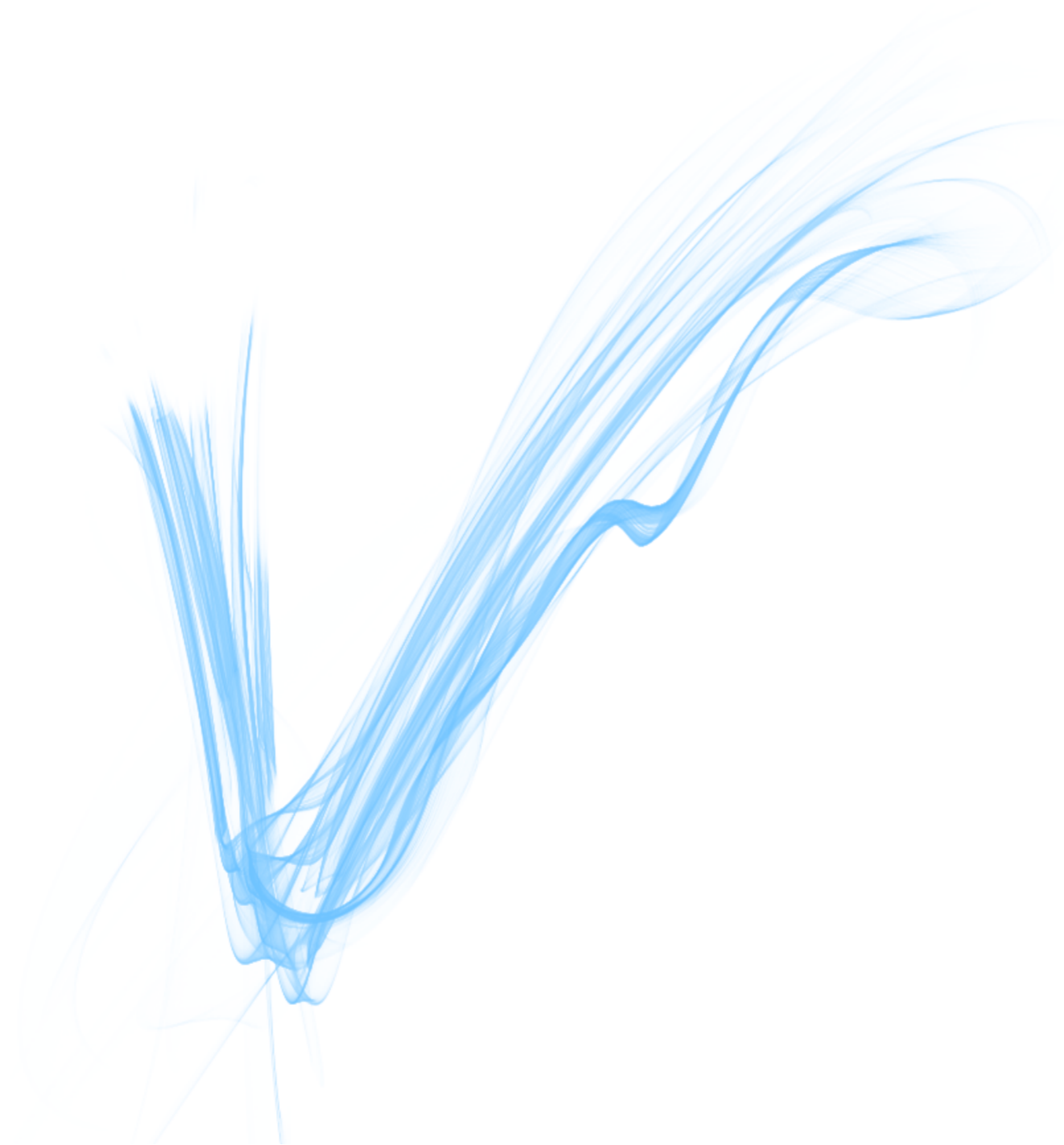
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# Common early stage problems

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- **more development instead of sales**

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- focus on the local market
- more development instead of sales
- **lack of funding (bootstrap)**





# Important problems

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# Important problems

- not enough money at the early stage financing
- sales almost never match the plan
- fundraising = full time job\*
- **«fundraising + sales» not a one man job\***

\*not always

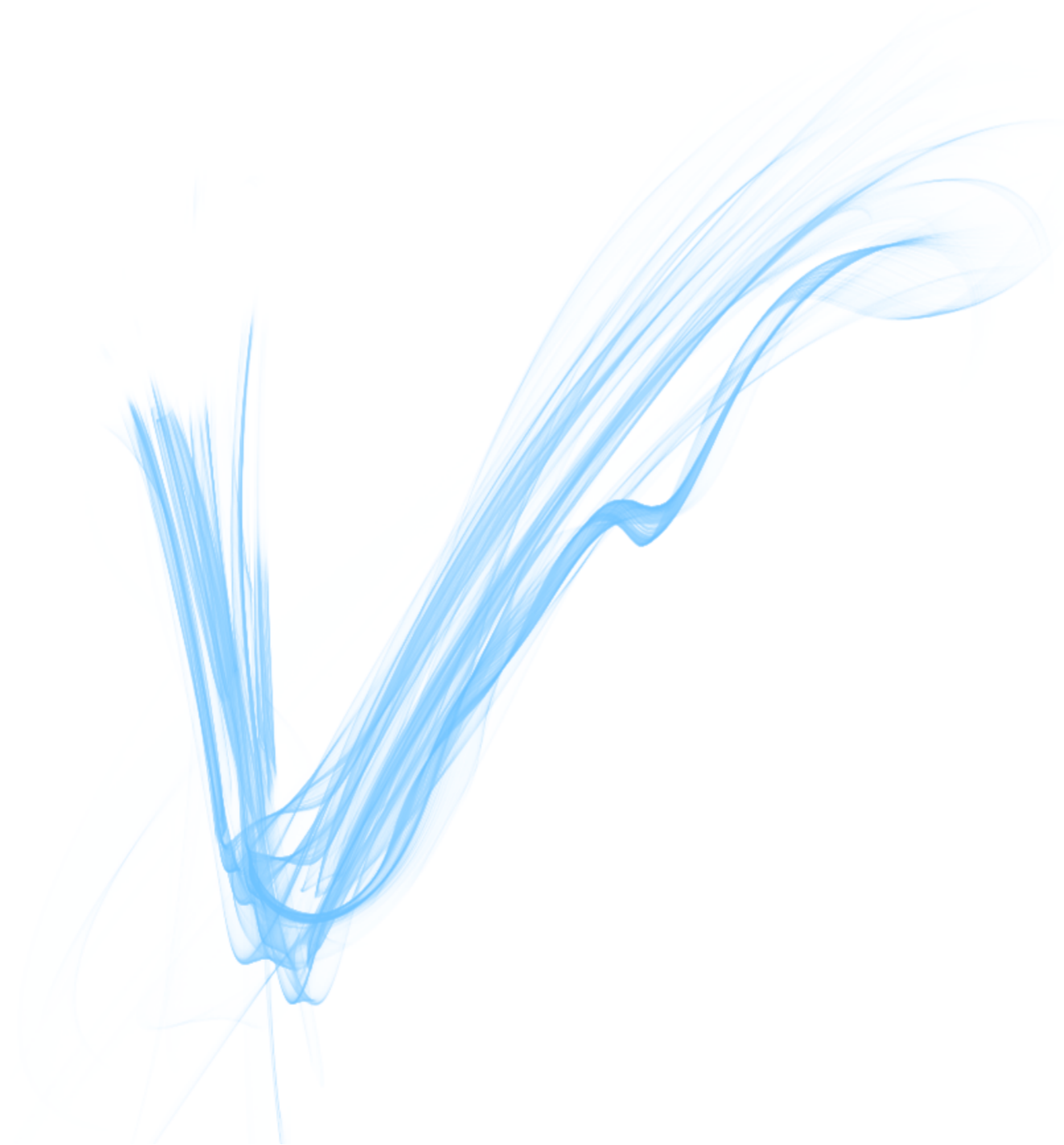


\$150K



# Coffee Diligence





# Important problems

- **fundraising process = sales process**



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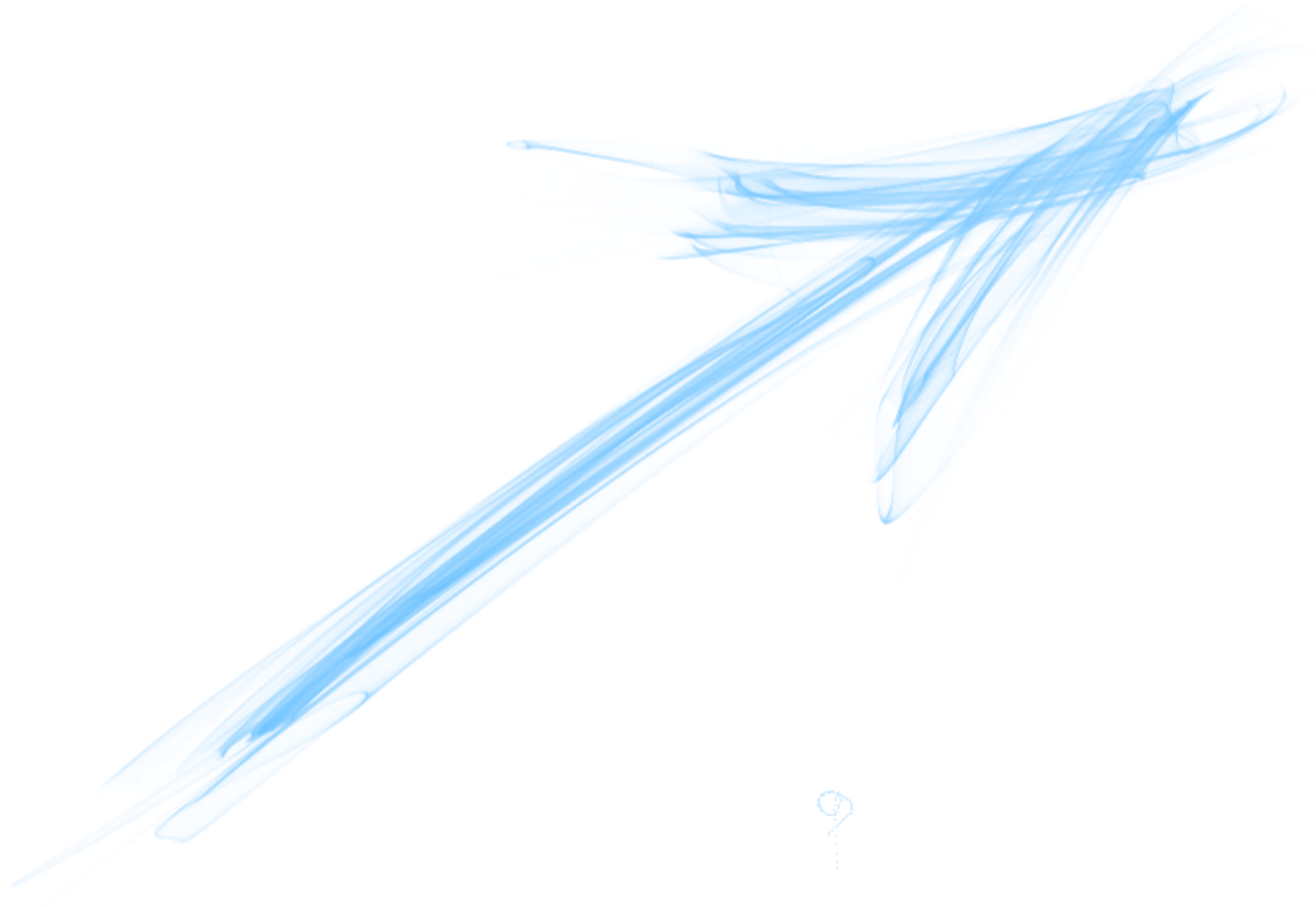
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- fundraising process = sales process
- «term sheet money» ≠ «money in your bank account»
- investors may change their minds (and this is normal)
- **lawyers/incorporation can delay the process for six months (or even more)**



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What's next step?





In fact, there are only 2 options\*

**1) fundraising**

\*you'll always think that there are more options. But no ;)



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- 2) sales**

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# Fundraising pros

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- 2) much easier communication with foreign VC funds now
- 3) in addition to the money you can get a great expertise (or not)
- 4) you get the opportunity to grow much faster and enter new markets**

# Fundraising cons

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- 2) there will always be a lot of different questions from funds about your traction
- 3) not enough time with early adopters (no feedback)
- 4) you give up a significant part of your equity**

**What about Sales?**

# Sales pros

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- 1) focus on the business development
- 2) better traction = much stronger position in further negotiations
- 3) valuable feedback, which will help you to develop the best product
- 4) you do not get diluted**

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# Sales cons

- 1) it's not as easy as it seems ;)
- 2) «contract money» ≠ «money on your bank account»
- 3) you may not have enough money to build a good sales process
- 4) not enough resources to grow fast (bootstrap)\***

\*not always. But competitors can overtake you

# What to do?

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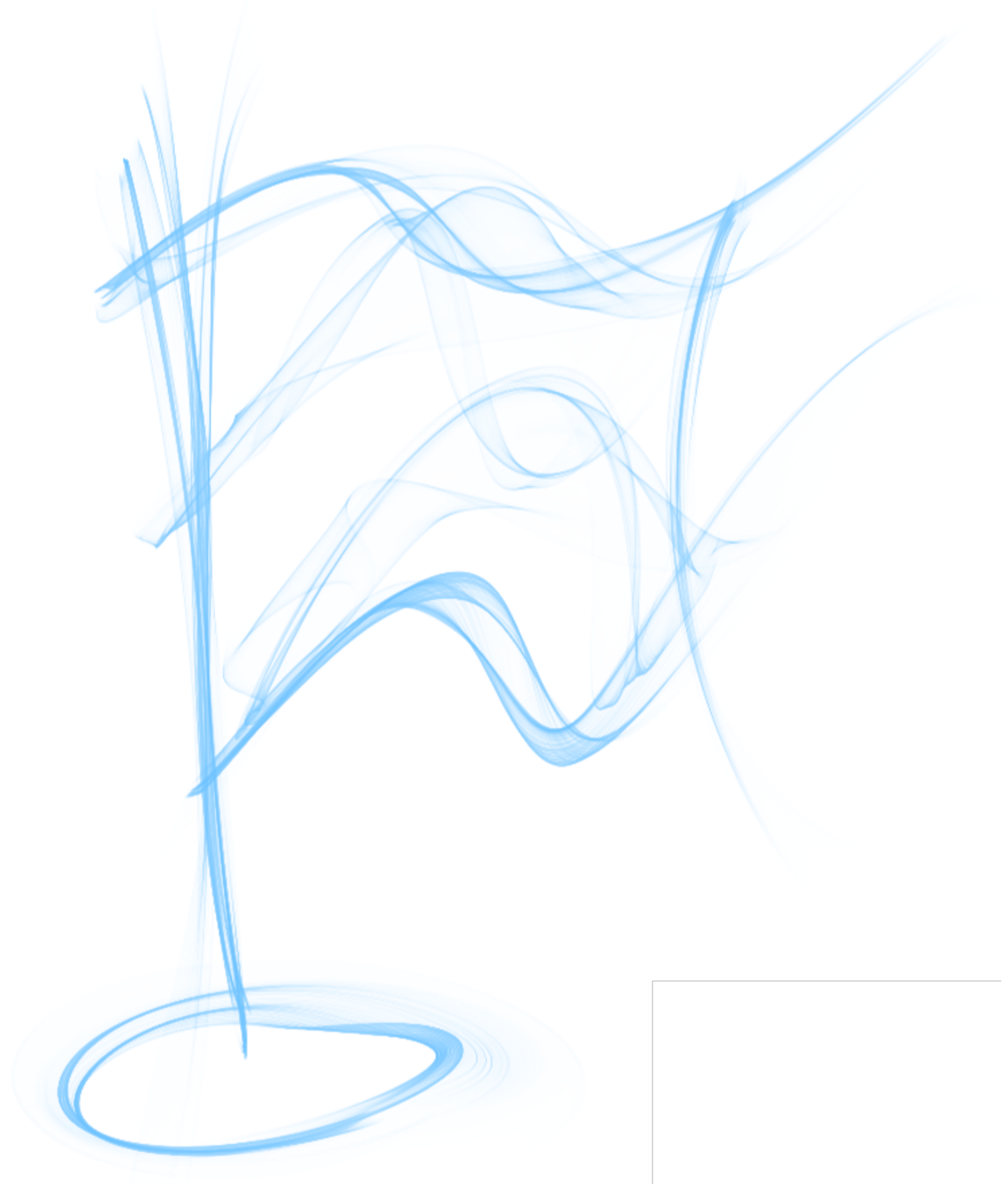
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- 1) try to get as much money as needed on each stage
- 2) make a realistic (or even pessimistic) plan
- 3) remember about your sales cycle
- 4) manage fundraising process
- 5) sales - the most important thing**





# Thank you



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