

How to Not Fail Your Startup Fundraising

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Ardent Capital

The Leading Operator Venture Capital Firm in S.E. Asia

FOUNDED IN

2012

Investments in 7 countries

TH, ID, PH, HK, MY, SG, and Sri Lanka

Team SEA Exits over

\$110M

Team Global Exits

\$6B+

PORTFOLIO

16

Investments to date
(3 core commerce group and 13 venture investments)



- VP at Ardent Capital
 - Managing 8 companies in portfolio
- Past:
 - Investment Banking at Phatra Securities
 - Factory expansion in Myanmar
 - Co-founded several retail fashion brands
- MBA Kellogg School of Management, BBA Thammasat



1. Overview of Fundraising Process

1. Timeline
2. Preparation Phase
3. Execution Phase
4. Business Plan
5. Round size and Valuation
6. Tips

2. What VCs look for

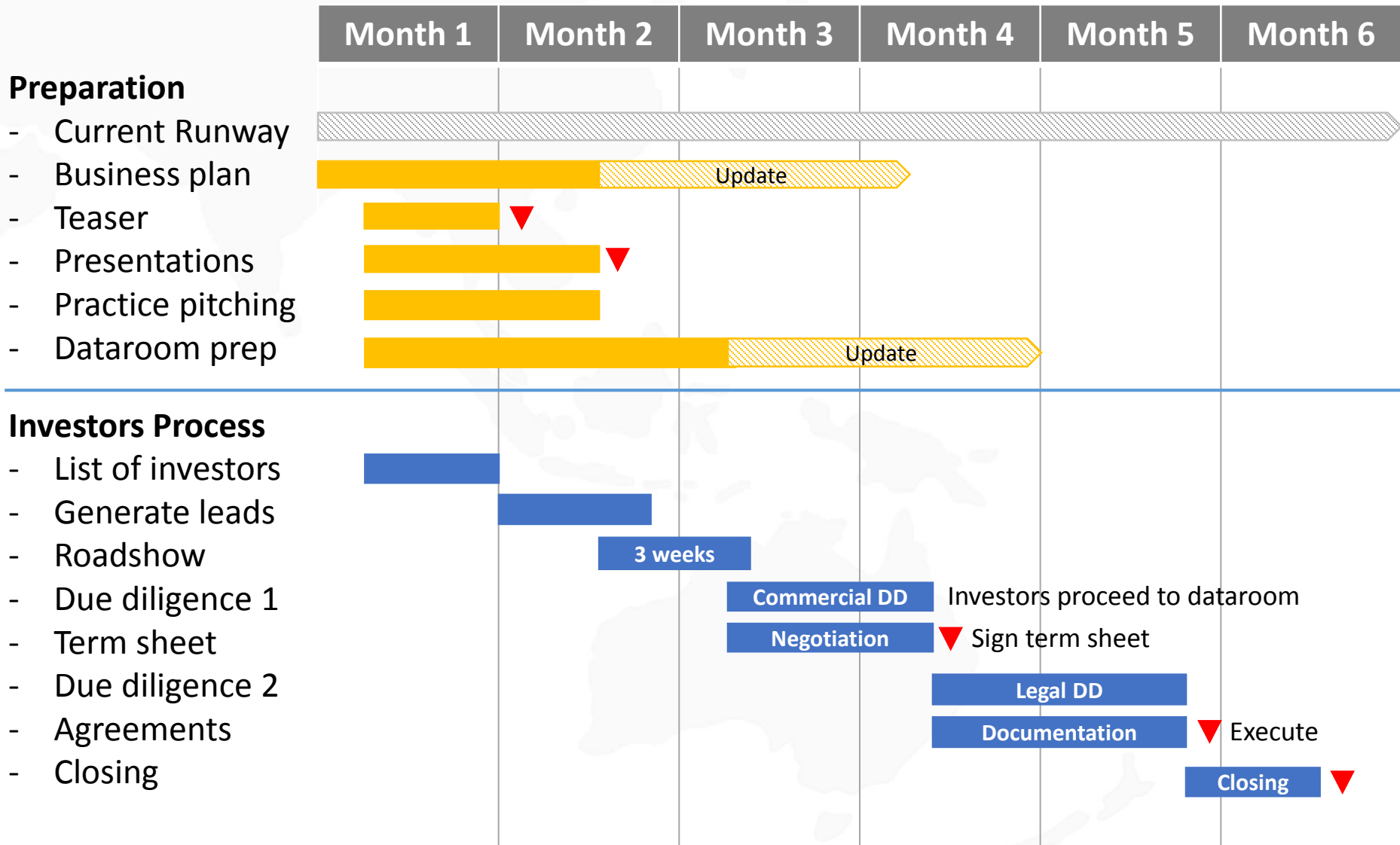


Ask yourself, is VC Money the right funding source?

If yes, is it the right timing?

**Be Targeted – Who Could Help You Get There?
Pros & Cons**

Typical Fundraising Process



Preparation Phase



Module	What to Prepare
Runway	<ul style="list-style-type: none">• The process takes roughly 4-6 months depending on deals so need runway of at the very least 6 months when start
Business Plan	<ul style="list-style-type: none">• Focus on first 12 months then top down• Full model with P&L CFs and BS
Teaser	<ul style="list-style-type: none">• Good way to quickly gauge interests from investors and short list• No more than 1-2 pages, no confidential information
Presentation Deck	<ul style="list-style-type: none">• Investors always read the deck before and after the meeting and send around to the team, so put message in• Avoid word documents
Pitching	<ul style="list-style-type: none">• Practice a lot, CEO should go• Don't go alone, VCs invest in teams
Dataroom Preparation	<ul style="list-style-type: none">• Commercial – Cap table, business plan, historical performance, CVs, presentations, sales pipeline• Confirmatory – legal contracts, accounting, etc.



- Lead with your best 2 strongest points
- Want to see your logic in structuring and deriving assumptions
- Captures execution plan!
- Focus on the next 6-12 months – understand all drivers
- Show that you are ambitious but realistic – 2nd and 3rd year of projection shows your vision
- Avoid over promising - worst thing is to miss business plan “during fund raising”
- Don’t forget to think about what happens **after** fundraising as well - credibility



Module	What to Prepare
List of Investors	<ul style="list-style-type: none">• Research investor first – right industry? Right stage? Right geography?
Generate Leads	<ul style="list-style-type: none">• Try to use referral as much as you can
Roadshow	<ul style="list-style-type: none">• Try to control the process so that all the road shows are close to one another
Due Diligence 1	<ul style="list-style-type: none">• Commercial due diligence, to determine valuation, initial terms
Term Sheet	<ul style="list-style-type: none">• Normally issued by lead investor and agree on commercial terms• Beware of investors who issue term sheet early on and too broad, need to know what you're getting in detailed
Due Diligence 2	<ul style="list-style-type: none">• Investors will proceed to legal due diligence after agreeing to term sheet, if you have things to hiding, better to disclose
Agreements	<ul style="list-style-type: none">• SHA, SSA, corporate approvals• Hire a lawyer if you have no experience
Closing	<ul style="list-style-type: none">• Fulfill condition precedents and closing checklist• Timing of funds transfer



- Create competitive environment, VCs are FOMO
- Understand all decision making timeline for each investor
- Fully prepared upfront – organize complete dataroom and do a full financial model – You can set a deadline for investors
- Need a lead – keep them on hold list, update regularly
- Find a lead – agree on term sheet
- Determine amount available for co-investors – discuss with the lead and go through the on-hold lists
- Lead investors would want co-investors who are complimentary and add value to the round



- The “Round Size” is very important
 - Last you at least 18 months, providing a range is good
 - Not too high to dilute yourself early on with over ambitious goals
 - Not too low so you still have flexibility to prove your business and increase valuation for next round
 - Enough to bring you to the target KPIs in the next 18 months
- Valuation
 - Set valuation at a level that you could achieve a certain milestone
 - Need to be able to bump up valuation for next round
 - By setting way too high – guaranteeing to fail next round
 - Focus on the whole package, liquidation preference, etc.
 - Battles vs War

Areas Investors Look at...



Team	<ul style="list-style-type: none">• Believe in the team, entrepreneur type?• Complement of team members? History?
Market	<ul style="list-style-type: none">• Ability to disrupt the market?• Big enough market? Profitable enough? Exit opportunities?
Product	<ul style="list-style-type: none">• Product/market fit? Value proposition?• Traction? Product well built and scalable?
Revenue	<ul style="list-style-type: none">• Revenue model? Benchmark? Scenarios?• Risk of the assumptions? Traction to date?
Costs / Customer Acquisition	<ul style="list-style-type: none">• CPA vs LTV? Margin of error?• Acquisition channels appropriate? Burn rate make sense?
Competitors	<ul style="list-style-type: none">• Competitive landscape look attractive? Disrupt current players? Sustainable competitive advantage?
VC Fit	<ul style="list-style-type: none">• Value add from VC?• Synergy with portfolio companies?
Current Funding and Ask	<ul style="list-style-type: none">• Valuation? Funding size makes sense?• Other investors?



- Research a lot and prepare information before meeting
- If you can address questions that VCs going to ask or need to do research anyway and provide them upfront → save time and look professional
- VCs evaluate so many deals in a given week, if you could cut through the noise, provide critical information, it will help a lot
- Prepare to answer the question: “What is your unfair advantage?” / “are you the right team to do this?”
- Think of the pitch as a play, never ever ever ever disagree with each other, rehearse!



- Choose your VC well - you can't fire your VC – make sure the goals align
- Think as partner
- Make sure you get along with VCs – nothing worst than having friction – if you don't feel right during negotiation and as long as having alternative options, don't be afraid to jump to others



Thank You
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