



Financing Tech Startups

Robert Ashby



Financing Tech Startups

My experience in Tech Funding

The One Key Issue in Funding

Types of Start-up Funding

Crowd Funding



Track Record

£20m VC and other fundings

£20m Stock Exchange flotation

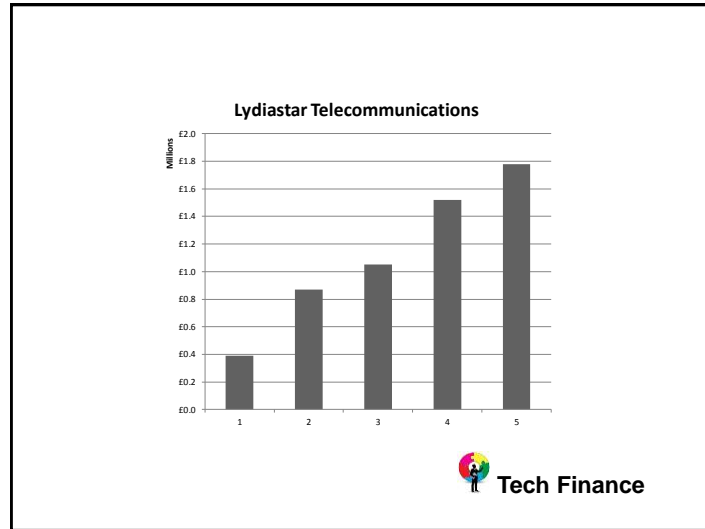
£32m trade exit sales

12 millionaires

£532k from £51k investments

2011 started Tech Finance





Lydiastar Telecommunications

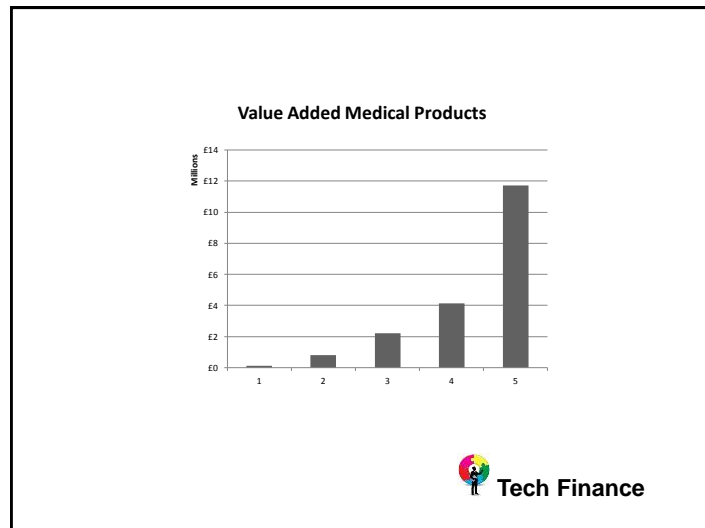
Computer International Telex Services

Financed by Founder Equity for Cash & PO Creditor

Venture Capital Offer

Sold to DHL

Tech Finance



Value Added Medical Products

Patient Records for Medical Practices

P/T FD - Investor - NED

3 rounds Venture Capital - £3.5m

Fastest Growing company in UK

Sold to Reuters

Tech Finance

GUIDANCE LIMITED

- Laser positioning for AGVs in Factory Automation
- Sensors for offshore Oil & Gas









 **Tech Finance**

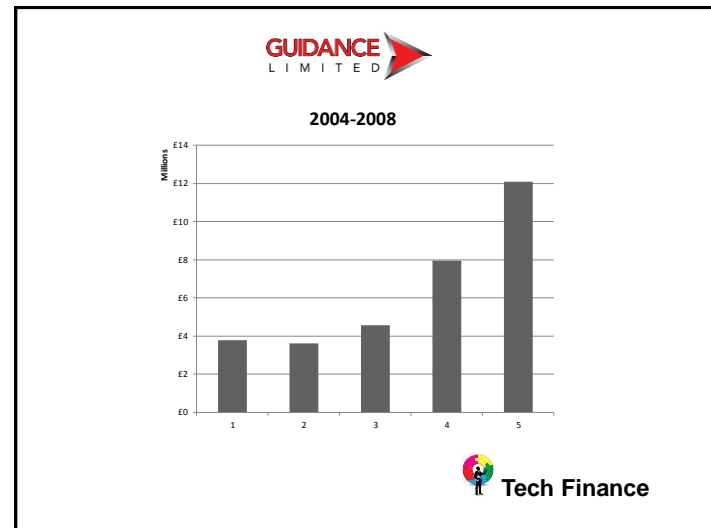
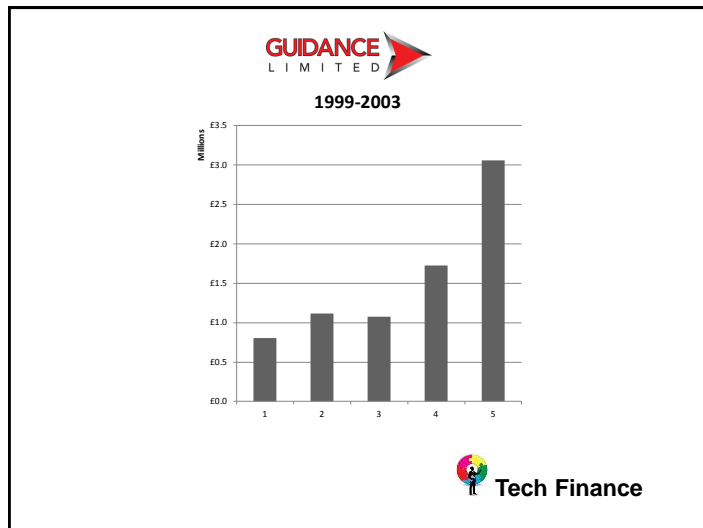
GUIDANCE LIMITED

- Electronic Monitoring for government criminal justice programs






 **Tech Finance**



YOU & YOUR IDEA



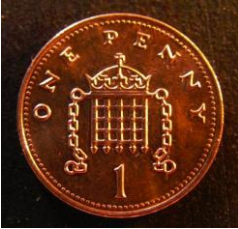
Building Your Dream





www.amisymachinery.com



Valuing Ideas



=



Making your business a Magnet for Money



PROFIT
CASH
VALUE



Getting the best value for your business:

When you want to raise finance

When you want to sell it
-> the really large value



Company Value

Financial Value

What return on investment does it give? (At what risk?)

Strategic Value

How can it transform an acquirer's business?

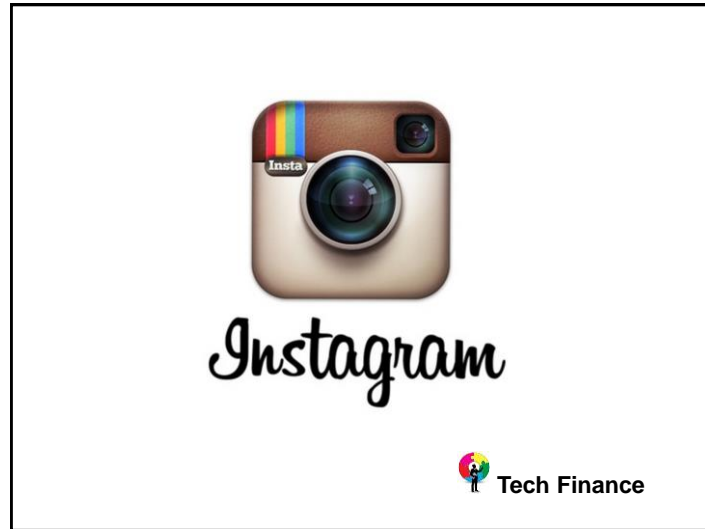


Company Value

What is important to investors?


Strategic Value

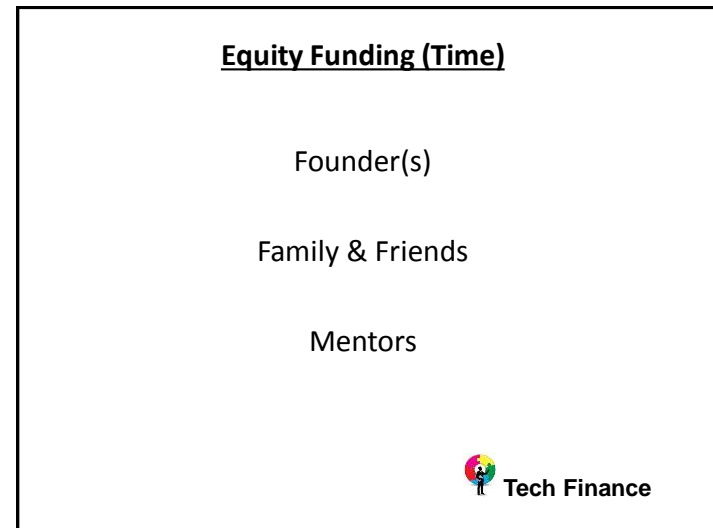
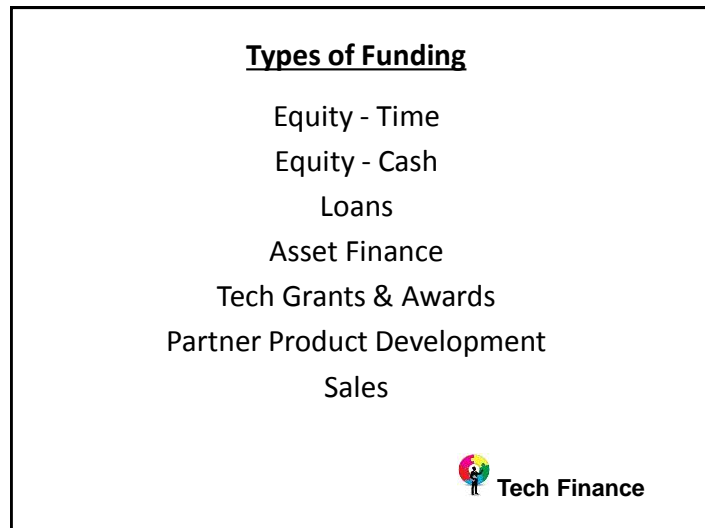




STRATEGIC VALUE


Date	Round	Investment	% Sold	Valuation	Profit
01-Mar-10	Seed	\$500,000	25%	\$2,000,000	0
01-Jan-11	VC Series A	\$7,000,000	28%	\$25,000,000	0
03-Apr-12	VC Series B	\$50,000,000	10%	\$500,000,000	0
06-Sep-12	Facebook Acquisition	\$1,000,000,000	100%	\$1,000,000,000	0

 Tech Finance



Equity Funding (Cash)

Founder(s)
 Family & Friends
 Business Angels/Networks
 Regional Funds
 Venture Capital Funds
 Crowdfunding

 **Tech Finance**

Business Angels

Random Individuals
 Regional Groups - National Groups
 EIS/SEIS Funds
 Angel based Accelerators - Oxygen
 UK Business Angels Association - Angel News
 AngelCoFund

 **Tech Finance**

Business Angels


ISSUES

Angels need herding


 Costs

 Timescales

 Lead Investor


 **Tech Finance**

Crowdfunding




Many People

Varying Amounts
 Diversified Risk
 No part funding risk




Web Matching Platform

Choice of Opportunities
 Project Validation
 Manages Group



Start-up Projects

One presentation
 One place to go
 Transparent process

 **Tech Finance**

Crowdfunding

Types

Donation

Project/Reward

Loan

Equity



Crowdfunding

Players

DONATION	indiegogo, buzzbank
REWARD	Kickstarter, Peoplefund.it
LOAN	ThinCats, Funding Circle, Rebuilding Society, Zopa
EQUITY	crowdcube, SEEDRS, FUNDTHEG_P



Equity Crowdfunding



2010 start
£5,783,000 funded
32,631 members
5% charge



2012 start
£477,000 funded
SEIS only
Max £150,000
7.5% charge



Crowdfunding



Approval in Principle:

Business Plan, Financial History, Projections

Create the Pitch:

Product Introduction, Team, Exit Strategy, EIS status
Business Plan, Financial History, Financial Projections

Video

Share offer



Equity Crowdfunding

How long it takes

Month:	1	2	3	4	5	6	7	8
Business Plan								
Projections (3 yr)								
Accounts Year end								
EIS Application			Prepare	HMRC				
Crowdfund Application			Prepare	Approval				
Video preparation			Record	Edit				
Upload and edit Pitch								
Pitch Live								
DD & Legals								
Get Money								£££



Equity Crowdfunding

How long it takes - Timing

START	PITCH OPEN	CLOSE	CASH
Jan	May	June	Aug
April	Sept	Oct	Dec
May	Oct	Nov	Jan
Oct	Feb	Mar	May
Dec	Apr	May	July
Nov	Mar (Easter?)	June	
Feb	June (Summer Hol?)	Sept	



Equity Crowdfunding

Key stats

Success rate – 15% to 20%

(TF Estimate)

Threshold 38% funded

Site members – 50% of funding

97% of investors say EIS is key

Data from: esynergy



Equity Crowdfunding

How to ensure success

Social Media Managed Promotion

Magnet for Money




Magnets for Money

Problem/pain being solved by you

Disruptive proposition

Unfair Competitive Advantage/Barriers to Entry

Scaling



Magnets for Money


Identified Customers

Clear Business Model

Clear Financial Model

Clear Lead Generation & Conversion Process

REVENUE




Magnets for Money

Management

Management

Management



Magnets for Money

Complete management team


CREDIBILITY

IDEAL:

Leadership experience

Sector experience

Bottom line delivery experience



Investor Turn Offs

Lack of FOCUS: Other time/business interests

One man bands

No sales experience

No users yet

Unproven customer value proposition

Poor financial track record



Tech Finance

Crowdfunding Tips Summary

Think about Timing & Milestone news

EIS is key

Simple Product based Video

Short Business Plan

Planned & Managed PR campaign

Social Media/Your network

Get Lead Investor(s)

Watch for Forum posts



Tech Finance



Tech Finance

THANK YOU



Tech Finance