



THEME:

„Investing in early stage“

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venture capital markets

IFCon Investment advisor, Financier, venture Capital broker.

Certificate: Netherlands management cooperation program (NMCP)

MSc in Finance: Financial management

MEng in Mechanics: Mechanical engineering

Experience:

bank – dealer,
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1. „Early-stage” business classification

R n	Stage	Product	Risk %	Investor
1	Seed	Idea	50 - 100	3F; BA, BI, CF
2	Start-up	Prototype, possible sale	40 60	BA, BI, CF, VC,
3	Post creation (Second stage)	Product, pilot sales		BI, VC, CVC
4	Expansion/develop ment (Third stage)	Market expansion	30 - 50	VC, PE, MC, CVC,B
5	Transfer / succession (Bridge / Pre-public stage)	Market share, barriers, CSF (critical success factor)	10 - 25	VC, PE, MC, CVC,B



2. “Early-stage” funding

A bit of history:

1901 m. Carnegie Steel Company LBO sold to J.P. Morgan.
Vanderbilts, Whitneys, Rockefellers, and Warburgs

The first two VC funds in USA - 1946:

American Research and Development Corporation (ARDC)
J.H. Whitney & Company.

1972 m. - Silicon Valley: scientific research, electronics, medicine,
data processing technology.

1973 m. National Venture Capital Association (NVCA).

**If in 1970 there were a few tens VC funds, in 1980 more than
1000.**

**Since 2000 up to 2007 including, VC EVCA members has invested
over 270 billion. EUR in 56 t. companies.**



2. “Early-stage” funding

SUPPORT / LOAN / EQUITY

VC types (loan / equity)

1. Business Angel investors - BA,
2. Business incubators BI,
3. Crowd funding CF,
4. Corporate venture capital CVC,
5. Private equity fund (leveraged buyouts, venture capital, growth capital, distressed investments) (TPG capital, Goldman Sachs, Carlyle Group, Blackstone,) – PE,
6. Venture capital funds (Enterprise Capital Fund – UK) - VC,
7. Mezzanine capital - MC,
8. Banks - B,



2. “Early-stage” funding

VC usually are involved in four stages of business development (experts):

1. Idea generation;
2. Early-stage;
3. Ramp up;
4. Exit



3. „Early-stage” presentation to VC

1. Investment teaser IT (The executive summary - resume)
2. Investment proposal – IP
3. Business plan – BP
4. Negotiation
5. Due diligence –DD
6. Term Sheets and Funding (hands on, hands off) - TSF



3. „Early-stage” presentation to VC

How long does VC raising take ?

- Bank 1 – 2 month
- VC: IT Presentation, VC selection of, IP presentation, VC selection of, BP presentation, VC selection of, negotiation, DD, TSF 4-12 months.



3. „Early-stage” presentation to VC

- **From 100 only 10 BP are seriously reviewed.**
- **What investors are looking for:**
 - Business,
 - Team,
 - Knowledge - competence,
 - Trust,
 - Market,
 - Market barriers,
 - Commercial perspective,
 - Realistic finance, ROI,
 - Exit Plan (exit plan) (IPO (initial public offering), M&A).
- **Rule of thumb.**



End - 1. „Investing in early stage“

What to avoid in business plan?

- jargon,
- the usage of wide profile,
- the product will be sold itself,
- there is no competition,
- long sentences and plans

How do I find the VC?

Resume: It is possible to organize Early-stage funding, but it takes time and only 2-3 of the 10 will be successful.



End - 2. „Investing in early stage“

Reference literature:

- Peter Cartier. Private equity secrets revealed. 2nd Edition. 2011 Kindle Edition.
- Finkel Robert. The Masters of Private Equity and Venture Capital. 2009 Kindle Edition.
- EVCA Newsletters.

Questions: