

GCommerce

Resources, Processes
and People

The do's and don'ts of
Angel financing



GCommerce

Profile

- Founded in 2000
- Emerged as market leader to automate system to system procurement over the internet
- Backing from:
 - Acuity Ventures, Stanford University, Grinnell College, Giantstep Angel Network
 - More than 30+ angel investors, individually and through groups



GCommerce

Preparing for the fundraising story

- Tell a compelling story; stay away from “technobabel”
- Elevator pitch is good, but 5 minute pitch is better
- You are the product/service; the investor will invest in YOU
- Explain the problem that you are solving (the coke can connection)
- Tell the story through the eyes of the customer
- Investors love hearing about the customer as much as making money



But this is Iowa, no one wants to invest!!!!

- DSM and Iowa based angels are one part of the story
- Seed funds are another component: emerging growth group
- Institutions have funds and will invest primarily through convertible debt



Resources: What's available

- Accelerators
- Seed funds
- Friends/family
- Finders and gatekeepers
- Funds: Seed, Angel, early stage
- Attorneys
- Note: look beyond Iowa; 90% of GCom money is from outside of Iowa
- Note: smart investors seek start ups outside NY, CA and MA



Process

- Develop a tight plan and find a customer
- No customer, little investor interest
- Target friends and family for 100-150K
- Seed round with accredited investors: 500k+
- Series A: \$750-\$1.5MM
- Series B: \$1.5-\$5MM
- Plan on 3-5 year time line between F&F and Series B



People: Relationship leverage

- Great teams receive investments
- Leverage your people capital
- Gatekeepers and finders are essential: DO NOT nickel and dime them!!!!
- Attorneys, bankers, financial institutions: tough sell, but they have a book of business that you want
- #1 Rule for CEO/founders: Your #1 job is to get funding. Your #2 job is to get customers. Your #3 job is to get funding again. Your #4 job is to find more customers.



Top 5 Do's

- Get a customer
- Enroll EVERYONE in your vision; provide incentives
- Create a BOD, provide incentives; put them to work
- Find a mentor; provide incentives for them as well
- Never, ever give up. Fundraising is a way of life



Top 5 don'ts

- Don't fall in love with your solution; investors care about customers and business not your idea.
- Don't assume that everyone will understand your innovation; break it down (Coke can connection)
- Don't take NO for an answer
- Don't short change finders, gatekeepers and agents
- Don't lose sight of the customer



5 basic truths about start ups

- Your 1st 3 orders are the hardest
- Customers are priority #1
- Eat when fed
- Founders and partners will come and go; accept that
- Investors are partners not a check

