

A black and white photograph of three people sitting in a meeting. On the left, a man in a suit is looking towards the center. In the middle, a woman in a dark dress and pearl necklace is smiling. On the right, another man in a suit is looking towards the center. They are seated around a table with papers and glasses. The background is a blurred cityscape at night.

Pitching to Investors & Pitch Deck Basics

Jack Scatizzi ITEN EIR
SQ1 Bootcamp 10/14/19

- Spent **4 years** with Tech Coast Angels- San Diego
 - Reviewed over **1,400 applications**
 - Attended over **600 investor pitches**
 - The San Diego network led investments of over **\$23M into 37** companies
- Have raised over **\$3M for 4 early-stage ventures** including:
 - Canopy San Diego- a seed fund/accelerator
 - Real Wellness- a celebrities CPG wellness company
 - SingldOut- an online dating site that matched based upon genetics
 - MomCo- an app for Moms to meet other Moms

- No one has ever closed a check off a single pitch
 - Therefore the goal of any pitch is to get a **follow-up meeting**
- The best pitches **tell a story**,
 - So your pitch should contain all of the elements of a good story
 - “The secret to selling is to tell a simple, coherent and vivid story designed to emotionally engage — and intrigue — the investor.”
 - “Investors bring curiosity; it is your job to capture their attention.”
- Raising capital **is a sales process**
 - Very similar to selling a product to an enterprise level client

• Elevator Pitch

- Short generally 1-3 minutes, most informal
- Not specific to investors, used in all networking situations
- Goal is to initiate contact and generate initial interest
 - Meeting (coffee/lunch/happy hour/phone call)
 - Introduction (potential client/investor/partner)
- Format is utilized by Pitch Competitions
 - Quick Pitch (TCA-SD, 2 minutes)
 - Fast Pitch (TCA-OC, 1 minute)
 - Real Elevator Pitch Competition (SLU, elevator ride)

• Demo Day Pitch

- Approximately 5 mins, very product focused
 - no investor ask- *generally a public forum*
 - rarely includes financial projections
- Goal is to generate interest in the product and by extension the company/investment opportunity
- No one invests off a Demo Day pitch, but it's a great way source leads- *early customers, investors, advocates/evangelists*
- Staple of Accelerators & University Entrepreneurial Programs
 - Y Combinator, Tech Stars, 500 Startups

• **Formal Investor Pitch to an Investor Group**

- 12-15 minutes, most formal with set time limits and format
- Generally followed by Investor Q&A
 - Most important part
 - Do not go over on time and cut this part short
- Goal is to generate enough interest to get follow-up meeting
 - Continue to move along in their process
 - Pitching to entire group
 - Eventual invitation to a Due Diligence meeting

• **Informal Investor Pitch**

- 30-60 minutes, fairly informal with no set structure
 - May occur over lunch or happy hour
- May not require a pitch deck
 - But you should have one ready
- Will probably be more conversational
- Goal is to generate enough interest to get follow-up meeting and eventually move into Due Diligence and term sheet negotiations

- Each type of pitch has its own goal and format
 - Product focus vs Investment focus
 - Q&A vs judges vs just the pitch
 - Audience- public vs private, general vs investors only
- Thus each needs to be treated as an individual pitch
 - You can't simply scale down an informal investor pitch to
 - A 12 minute formal investor pitch
 - A 5 minute Demo Day pitch
 - A 2 minute pitch competition
 - Each format and audience requires its own **“story arc”**

- Network to find connections to the organization (*Elevator Pitch*)
- Submit Application (*Pitch Deck*)
- Presentation to Subcommittee (*Formal Investor Pitch*)
 - 8-12 Members with domain specific backgrounds
- Presentation at Monthly Membership Meeting (*Formal Investor Pitch*)
 - 30-40 Members with various backgrounds
- Deep Dive Due Diligence Meeting (*Informal Investor Pitch*)
- Full Due Diligence
- Road Show to syndication partners (*Formal Investor Pitch*)

SAMPLE DEAL FUNNEL FOR ANGEL GROUPS

I T E N

CATALYST FOR TECH INNOVATION

Applications Submitted- (20/250, per month/year)

Committee Meeting
~50% (10/125)

General Membership
~25% (5/63)

Deep Dive DD Meeting
~10% (2/25)

Full Due Diligence
~5% (1/12)

Funded- <4% (<10 per year)



• Keys to a Great Elevator Pitch

- Attention Grabber
- Create a mental picture
- Tell the story
- Connect the dots to the opportunity
- Remember to engage the person you are “pitching”

Canopy San Diego is Southern California's only seed-stage accelerator program for technology and business infrastructure companies that support the legal cannabis industry. As an accelerator, we invest cash, mentorship, and services in our portfolio companies to 'accelerate' their development. In return, we hold a 5-10% equity position in each company and our investors share in the success of our portfolio companies. Canopy San Diego does not invest in companies that directly grow or sell cannabis and its derivatives.

• **Topics to Cover for Investor Pitches (~13)**

- Identification of the Problem
- Overview of your Product/Solution
- Value proposition to Customer
- Target Market and Size of the Opportunity
- Revenue or Business Model
- Competitive Landscape
- Go-To-Market Strategy
- Stage of Development & Key Milestones
- Financial Projections
- Management Team
- Critical Risks & Challenges
- Exit Roadmap
- Funding Requirements & Use of Funds

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• Basic Background Information & Vision

- Introduce yourself & the company
- Summarize what you do
 - Elevator Pitch
- Identify the “pain point”
 - Not everyone understands the industry as well as you do
 - Identify why it’s a large & growing issue
 - “Need to Have” vs. “Nice to Have”
 - Vitamin vs. Pain Killer
- Identify your customer base
 - Who would use or buy your product & why would they use or buy it
- Explain the solution to the problem
 - How does it solve the “pain point”
 - What makes it unique
- Describe your “secret sauce”
 - Why are you going to be successful
 - Especially if you have competition

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• Nuts & Bolts of the Business & Overall Opportunity

- What is the opportunity in the market
 - Total Available Market (TAM)
 - Serviceable Available Market (SAM)
 - Serviceable Obtainable Market (SOM)
- Discuss how you plan to monetize your product
 - Walk through the economics of one unit focusing on why your revenue model is advantageous to both the customer and your business
- Discuss any current customer traction & their experiences with the product
- Describe the competitive landscape
 - Compare your features & benefits
 - Focus on what makes your product unique
 - Identify the barriers to entry
 - For both current & future competitors

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• Execution of Your Plan

- Explain your Go-To-Market strategy
 - How you will reach/acquire potential customers
 - How much will it cost to acquire new customers, what is their life time value, what is your churn rate, etc.
- Provide a timeline for key development milestones related to the product and sales/marketing
- Briefly provide an introduction to all key members of the Management Team and any key advisors
- Outline how large of an opportunity this represents
 - In 5 years can you reach \$5M or \$50M in annual revenue
- Demonstrate an understanding of your financial model
 - Include rationale for all assumptions
- Demonstrate you can run your company with capital efficiency
 - Will it require spending \$10M to hit \$5M in total revenue or to hit \$100M

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- **Exit Roadmap**
- **Funding Requirements & Use of Funds**

• Investor Specific Details

- What are the risks and how will you mitigate them
- Outline future funding needs
 - Will the company require \$10M or \$250M to achieve success
- Explain the use of funds for current fundraising effort
 - Product Development
 - Sales & Marketing
 - New Hires
- Outline exit strategy
 - Merger, Acquisition, IPO
 - Who are your target acquirers
 - How would they benefit from acquiring you
 - Exit Comps with dates and values
- Briefly outline the deal
 - Equity vs. Debt
 - Pre-money valuation

- Pitching is very individualized to the presenter and company
- No one size fits all secret template/format exists
- Requires lots of practice and moving slides/concepts around while changing descriptions and delivery
- Remember that pitching is simply telling the story of your company/vision
 - “The secret to selling is to tell a simple, coherent and vivid story designed to emotionally engage — and intrigue — the investor.”
 - “Investors bring curiosity; it is your job to capture their attention.”

Accredited Investor As Defined by the SEC

In the United States, to be considered an accredited investor, one must have a net worth of at least \$1,000,000, excluding the value of one's primary residence, or have income at least \$200,000 each year for the last two years (or \$300,000 combined income if married) and have the expectation to make the same amount this year.

The term "accredited investor" is defined in Rule 501 of Regulation D of the [U.S. Securities and Exchange Commission](#) (SEC).

Public Solicitation As Defined by the SEC

[Rule 506\(c\)](#) permits issuers to broadly solicit and generally advertise an offering, provided that:

- all purchasers in the offering are accredited investors
- the issuer takes reasonable steps to verify purchasers' accredited investor status and
- Certain other conditions in Regulation D are satisfied

Unless you know that everyone in the audience is an accredited investor (as defined by the SEC) you should not openly discuss your fundraising efforts and certainly should not be discussing the deal terms of any open round.

- Include contact information- name, email, website, phone number
- Two versions
 - One to pitch
 - high concept with minimal words, mainly images and text large 20pt or larger
 - One to email out
 - heavier on text, no one there to explain the concepts
- Emailing out use PDF
 - easily read across all platforms- mac, pc, tablet, mobile, etc.
- Presenting, ppt preferred
 - Most investors don't have prez, keynote, etc.
- File name- Company Name and Date no v234 no other descriptors

- [Elevator Pitches – So Short, Yet So Hard to Perfect by ITEN EIR Jack Scatizzi](#)
- [The Executive Summary: Your Startup’s Resume by ITEN EIR Jack Scatizzi](#)
- [Creating an Investor Pitch Deck That Makes Sense! by Jack Scatizzi \(An ITEN EIR\)](#)
- [The two best pieces of early-stage pitching advice](#)
- [How to Build a Startup & Understanding Venture Capital](#)
- [How Many Investors Should You Talk to in a VC Fund Raise? And How Do You Prioritize?](#)

ITEN PROGRAMS *for scalable tech product startups*

Mentor Match Database
Entrepreneurs in Residence

EUREKA! Validation Modules *

- Operations
- Product Development
- Marketing
- Sales

** Available online, work at your own pace*

Monthly Elevator Pitch
Workshops *(starting in 2020)*

Investor Readiness Program

- Mock Angels Investor Pitch Preparation Session(s)
- Diligence Preparedness
- Service Provider perks



Jack Scatizzi has raised over \$3M from early-stage investors for numerous ventures, held operational roles with multiple start-ups, and has been an active advisor to over 30 early-stage companies across diverse verticals within the St. Louis and San Diego ecosystems.

His entrepreneurial experience includes being the Managing Director and one of the Founding Partners of Canopy San Diego- an accelerator program for technology and business infrastructure companies that support the legal cannabis industry, and the Head Analyst for the San Diego network of the Tech Coast Angels- one of the nation's largest and most active Angel Investing networks. While Jack was with TCA-SD, they invested approximately \$23M in 37 companies over a three-year period.

Jack recently moved back to St. Louis and has been actively engaged with numerous local entrepreneurial support organizations- ITEN, Arch Grants, etc. Additionally, he has been working as a Biotech Analyst on behalf of BioGenerator, biotech funds, individual investors, and early-stage companies.