



BlueTree™

ALLIED ANGELS

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Where Capital Meets Opportunity



# **How to Pitch to Angels?**

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**Accidental Retailer**  
**Recovering Entrepreneur**

# How to Pitch to Angels?

Before you can begin to put your pitch together, it is important to understand:

- Who angels are
- The funding process
- Angels place in the funding landscape

# Who are Angel Investors?

- Often successful entrepreneurs or retired professionals
- Accredited investors – SEC definition
- Invest their own money (not money managers)
- Generally invest in local companies
- Invest in businesses not run by families
- Invest individually or as part of an angel group

# Why Angel Groups?

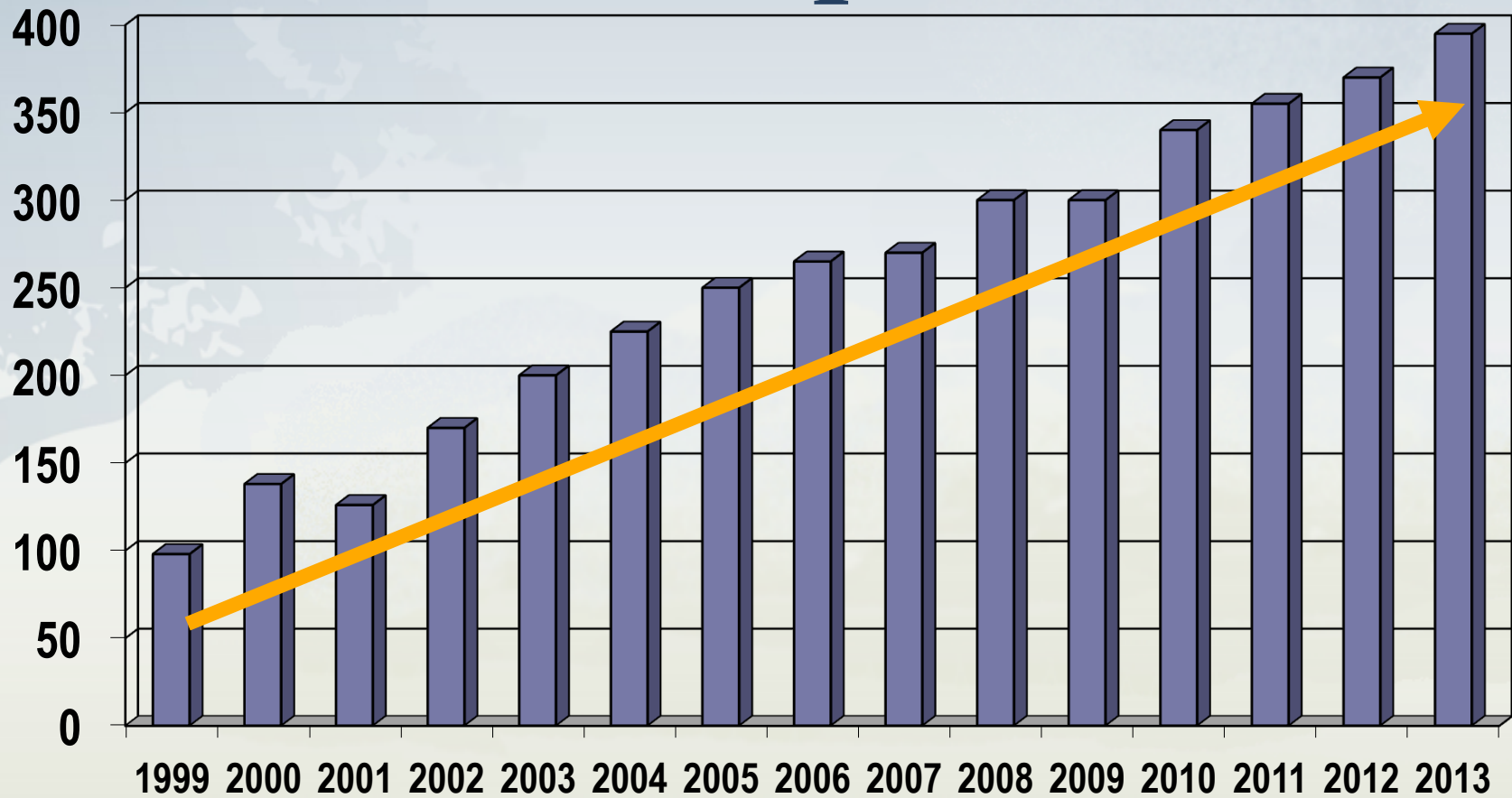
- **The Power of Aggregation**
- **Mitigate Risk**
- **Higher Quality Deal Flow**
- **Greater Investment Clout**
- **Portfolio Management**



# **Advantage of Angel Groups for Entrepreneurs**

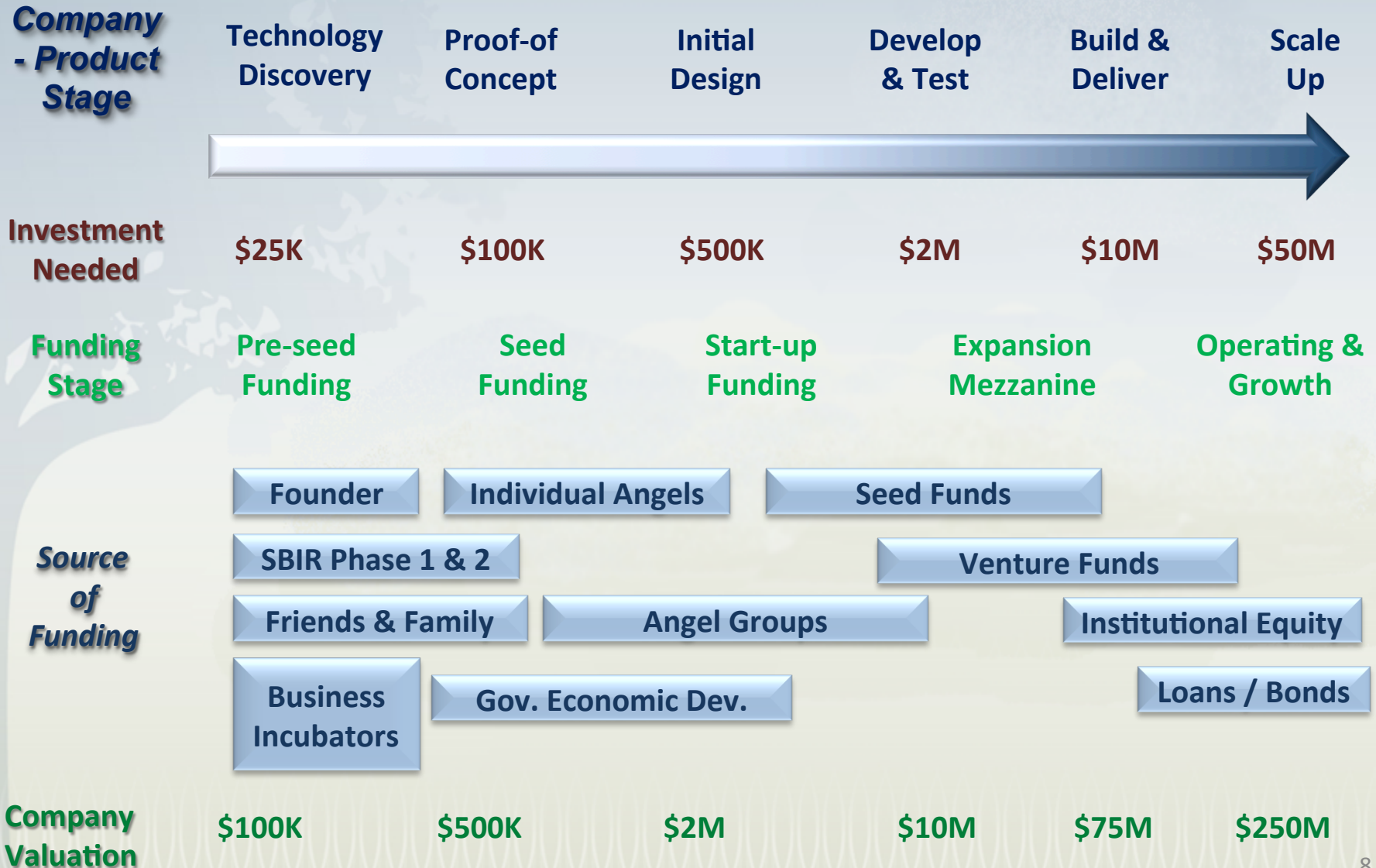
- **Diversified business experience**
- **Extensive industry contacts**
- **Opportunities to syndicate**

# Growth in Number of Angel Groups



Sources: Center for Venture Research (pre 03 data) and Kauffman Foundation/ARI (04-13 data)

# The Funding Landscape





# Angels Fund Majority of Startups in USA

Angels Provide ~90% of Outside Equity for Startups

## Angel Investors (2016)

- \$24.6 billion
- **71,000 deals**
- 17,750 seed
- 31,950 early stage
- 19,170 expansion
- 305,000 individuals

## Venture Capital (2016)

- \$59.1 billion
- **4,380 deals**
- 186 seed
- 2,219 early stage
- 1,975 later/expansion
- 718 active firms

# Where Angels Invest

## Angel Investments (2016)

Sector	% of Investment
Software	33.9 %
Other	25.5%
Health care	14.1%
Commercial services	8.7%
Pharma / Bio tech	7.3%
Media	3.8%
IT Hardware	2.4%
Consumer goods	2.4%
Energy	1.9%

Sources: Center for Venture Research/ UNH; NVCA 2016 Yearbook; PwC MoneyTree

# Angel Investment Stats

- **50% new deals, 50% follow-on funding**
- **75% of angel deals are now syndicated**
- **\$347,000 average investment per deal**
- **Average pre-money valuation \$3.6 M**

# Telling Your Story (Elements of the Pitch)

To get funded, entrepreneurs need to tell a compelling story. Your story, or “pitch”, must contain several important elements:

- Product/Service
- Market
- Business Plan
- Sales & Marketing
- Financials
- Management Team
- Exit strategy



# Product or Service (Elements of the Pitch)

**Your product slides should explain what “problem” or “pain” you are addressing:**

- How big is the problem?
- Who is your target customer?
- Who are your competitors?
- What is your product differentiation or competitive advantage? How does it work?
- What is your value proposition?
- What are the barriers to entry? (Patents, trade secrets)
- What are the risks? (Technology, regulatory)



# Market

## (Elements of the Pitch)

**You should address the following questions about the market for your product:**

- What is the total market size?
- What is the *addressable* market size for your product?
- What is the projected market growth?
- What % of market share will you have in 5 years?

# **Business Plan**

## **(Elements of the Pitch)**

### **Your Business Plan slides should address:**

- What is your revenue model?
- What assumptions are you making regarding:
  - Pricing and margin?
  - SG&A?
  - Supply chain?
- How will you scale?
- What is the long-term prospect for product or market extension?

# **Sales & Marketing (Elements of the Pitch)**

**Even the best ideas go nowhere without a sound sales and marketing strategy. Your Sales & Marketing slides should address:**

- Go to market strategy:
  - Direct sales?
  - Channel Partners?
  - Licensing?
- Cost of customer acquisition?
- Length of sales cycle?
- Regulatory Drivers (or Barriers)?

# Financials

## (Elements of the Pitch)

**As part of the story, the Financials should convey:**

- 5 Year P&L Projection
  - Revenue
  - Expenses
  - EBITDA
- How long and how much will it take to get to breakeven ?
- How much are you asking for?
- Use of funds
- How much have you raised to date?
- How much additional capital will you need?
- PMV?



# Management Team (Elements of the Pitch)

**You must talk about the team that will be responsible for executing the business strategy. Your Management Team slide should address:**

- What is the CEO's start-up experience?
- Who are the other key management team members and what is their experience?
- Is the team balanced?
- Who is on the company's board of advisors/directors?



# **Exit Strategy**

## **(Elements of the Pitch)**

**Every investor want to know how they might get their investment back. This typically happens by way of an acquisition or more rarely via an IPO. Your Exit Strategy should address:**

- Who might acquire you?**
- What other companies have been acquired in this space?**
- What were the exit multiples? (EBITDA, revenue)**
- How long will you take to exit?**

# The Pitch

**Here are some tips on presenting an effective pitch:**

- **Plan on a 20 Minute pitch**
- **Practice, practice, practice**
- **“Less is more” on your slides**
- **Avoid the “beautiful baby” syndrome**
- **Get feedback before and after**
- **Be excited and passionate**

# Information, Resources, and Support



- **Kauffman Foundation** [www.eventuring.com](http://www.eventuring.com)
- **Angel Capital Association**  
[www.angelcapitaleducation.org](http://www.angelcapitaleducation.org)
- **Books**
  - Early Exits by Basil Peters
  - Term Sheets & Valuation by Alex Wilmerding
  - The Art of the Start by Guy Kawasaki



# Q & A