Pear

Pitch Workshop

CMU
March 13, 2025

Mar Hershenson
Managing General Partner

Pear

Mar Hershenson

MANAGING GENERAL
PARTNER

Mar's bio at a glance

ACADEMIC: STANFORD PHD	FOUNDER: BARCELONA & SABIO	EIR: FOUNDATION CAPITAL	FOUNDER: PEAR VC

My family

I live in the Bay Area with my husband, Matt, and we have three children: David, Isaac, and Miriam.

My hobbies

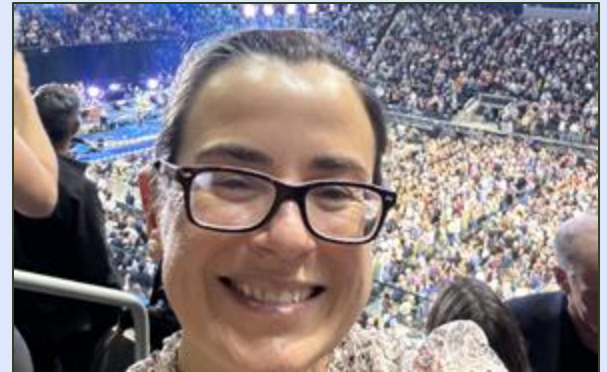I like running, swimming, hiking, quilting and music!

RUNNING

HIKING

QUILTING

MUSIC

Lean Launchpad

For the last 7 years I have taught Lean Launchpad, the premier Stanford class on entrepreneurship.
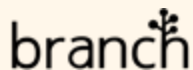
Pear VC

Early investors and company builders

Mar Hershenson
Managing General Partner

We're pre-seed & seed specialists
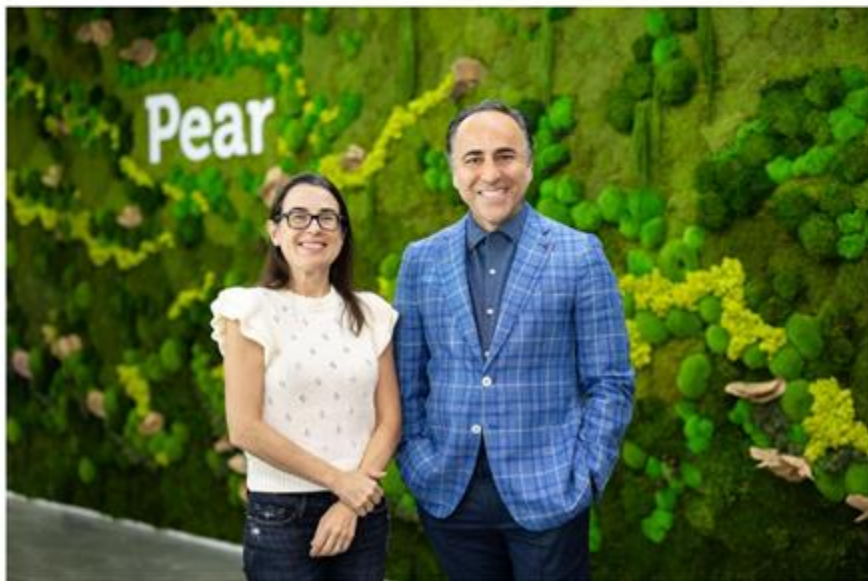
Historically, we've invested in companies worth ~$100B

Business
Deals

DoorDash-Backer Pear Raises $432 Million for Seed Venture Fund

- Firm has also invested in Guardant Health, Gusto at inception
- Pear runs startup boot camp and female founder program

Mar Hershenson, left, and Pejman Nozad, founding managing partners, Pear VC. *Photographer:*

The Ultimate Pitch Deck

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Sources:

- **Sequoia Capital Deck Template [https://www.slideshare.net/PitchDeckCoach/sequoia-capital-pitchdecktemplate] [https://articles.sequoiacap.com/writing-a-business-plan]**
- **Front Series A Deck [https://collinmathilde.medium.com/front-series-a-deck-f2e2775a419b]**
- **35 Best Pitch Decks From Real-Life Startups [https://visme.co/blog/best-pitch-decks/#airbnb-pitch-deck]**
- **The Market Curve [https://medium.com/sequoia-capital/the-market-curve-44097b626f6d]**
- **Market Sizing Guide [https://pear.vc/market-sizing-guide/]**

Company Purpose	Define your company in a single declarative sentence.
Problem	Describe the pain of your customer. How is this addressed today?
Solution	Why is your value prop unique and compelling?
Why now	The best companies almost always have a clear why now.
Market size	Identify your customer and quantify the size of your market.
Value Pro/ROI	Quantify the value delivered to the customer
Business model	How will you translate your product into a thriving business that makes money?
Go to market	How will you reach your customers at scale?
Traction	What validation do you have?
Team	Tell the story of your founders and key team members.
Competition	Who are your direct and indirect competitors. Show that you have a plan to win.
Future	If all goes well, what will you have built in five years?
Financials	How will you grow your revenue and your expenses for the next 3-5 years?

At pre-seed, it is all about storytelling
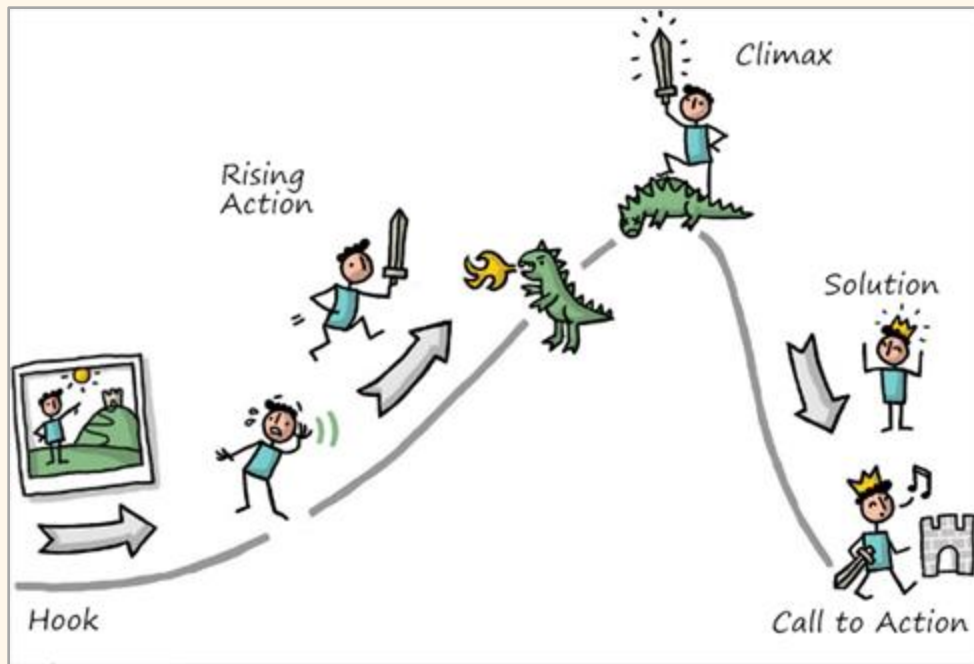
... but a pitch is more than just a story.

It is an opportunity for you to show that :

- **You know your customer intimately**

- **You know the market intimately**

- **You are absolutely the right team for this**

- **You can get things done**

- **You know the risks and have a plan to tackle it**

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The best decks - FOMO

Leave the audience feeling that "<u>this company is inevitable</u>. It will happen and I better get behind it".

Even if there are risks (eg, you have not proven GTM), the investor should feel like "they understand the risks but the opportunity is huge and thus worthy to pursue. Plus, they are the right team to tackle it"

Company Purpose

Define your company in a single declarative sentence

This is much harder than it seems

This is not a list of features

Start with this sentence to set the stage.

AirBed&Breakfast

Book rooms with locals, rather than hotels.

The
Problem

Describe the problem of your customer

What is the status quo today?

Why do they care about this problem?

This is an opportunity to tell a story about the "suffering" of your customer (emotional).

This is also an opportunity to demonstrate how well you know your customer.

Storage is a mess

It's 2007, and it's *still* a pain to...

- Work on multiple computers
- Share files across a team
- Put photos, video onto the web
- Protect files from loss

What are people doing now?

- Email attachments
- USB drives
- Browser uploads
- Piecemeal solutions

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THE PROBLEM

Email is the most important business communication channel

215 billion

EMAILS SENT PER DAY

54%

ARE BUSINESS EMAILS

7%

YEAR-ON-YEAR GROWTH

But email is a tool designed for personal use

NOT COLLABORATIVE

BAD PRODUCTIVITY

ERROR-PRONE

The Solution

Describe your solution

Solution should address problem (it is OK to be "cute")

If problem-solution sections are done right, the audience will infer the value proposition (but just in case, specify your value proposition)

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THE SOLUTION

Rebuilding email, for business this time

COLLABORATIVE

Company > Team > User

Share, assign, mention

As transparent as can be

INTEGRATED

Analytics

3rd party integrations

Open API

UNIFIED

All email providers

All channels

All teams

A multichannel *email* client, where every conversation finds its way to the right people, and is accounted for in the right system.

Why
Now

Best companies have a reason to exist

Why is this company possible <u>today</u>?
- **Technology driven : Generative AI**
- **Platform driven : Social media opens creator market**
- **Regulation changes : Climate incentives**

Sometimes the "Why Now" is part of "The Problem" but it does not hurt to be explicit

Why now?

- Lots of devices, bigger files, more content
- Increasingly distributed/remote teams
- Falling bandwidth, storage prices
- Online storage is unclaimed, unmonetized territory, much like search pre-Google

Dropbox
www.getdropbox.com

SmartPhones, Aug2008
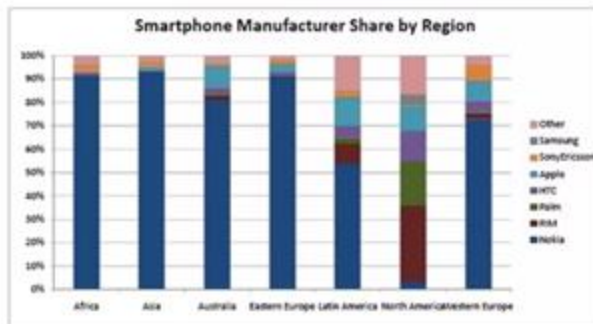
Aurora Solar

SaaS for solar installations

Price history of silicon PV cells
in US$ per watt

$76.00

$0.30

Source: Bloomberg New Energy Finance & pv.energytrend.com
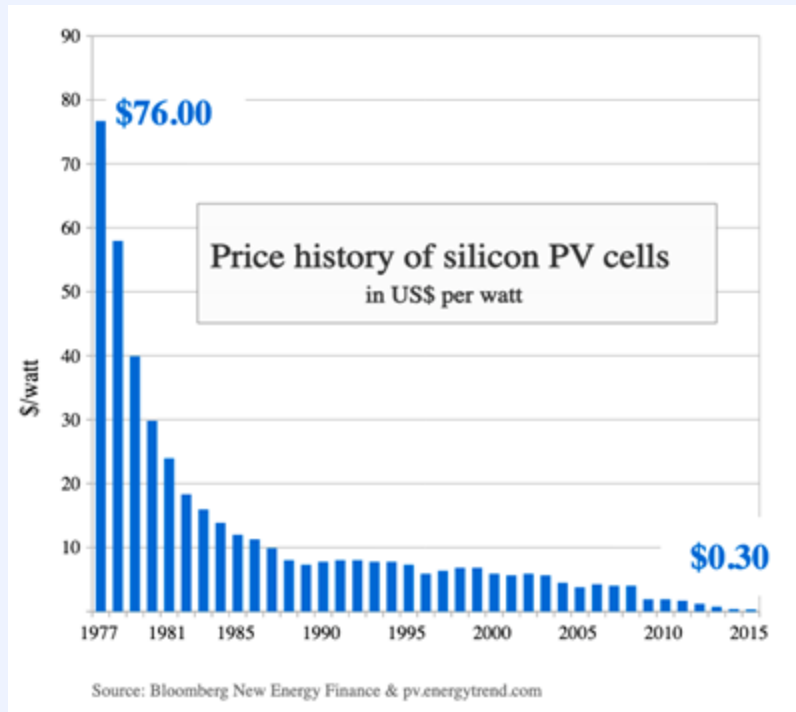
Chris and Dele understood the time was now for growth in residential solar installations.

Market
Size

Venture companies need very large markets

Use bottoms down math to quantify market

Top down math helps mostly to understand trends

Most VCs don't know exact definitions

Survey of VCs: Do you know the definitions for TAM, SAM, SOM? (n=30)
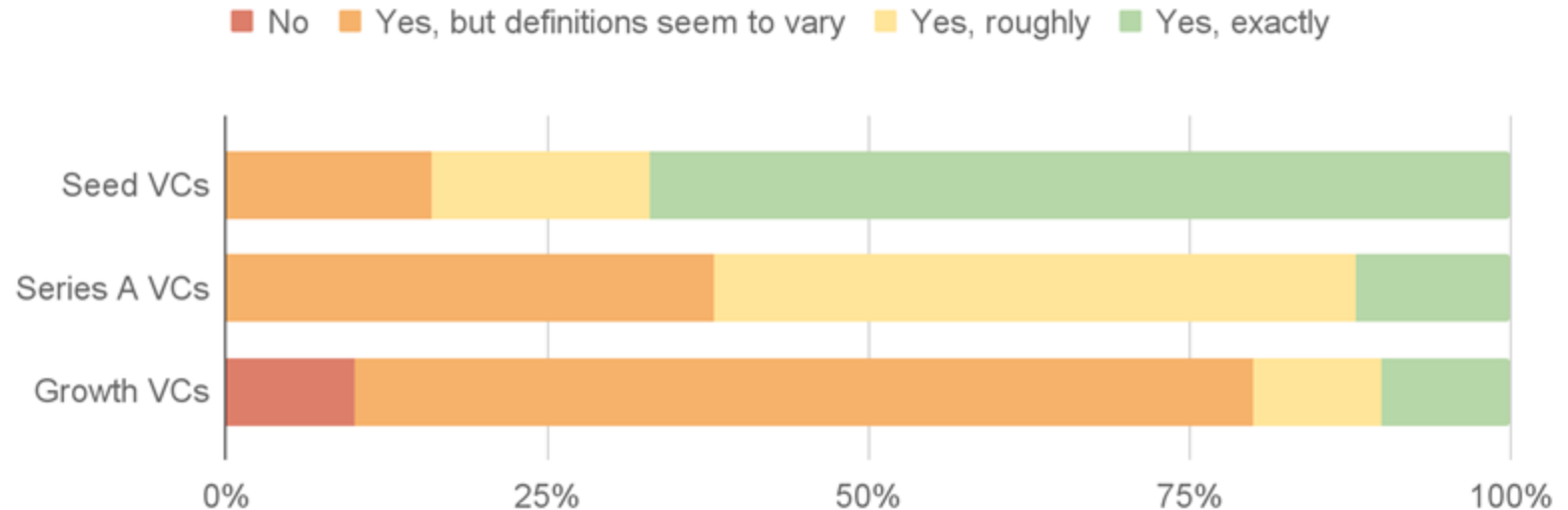
Market Size = (# of Customers) × (Revenue/Customer)

830 x $550k = $462M
ENTERPRISE

370k x $7k = $2.65B

Revenue/
Customer

SMB

1.1M x $400 = $485M
PROSUMER

27.5M x $67 = $1.8B
COMMERCE +
MARKETPLACES

2.7B x $11 = $75B

CONSUMER APPS
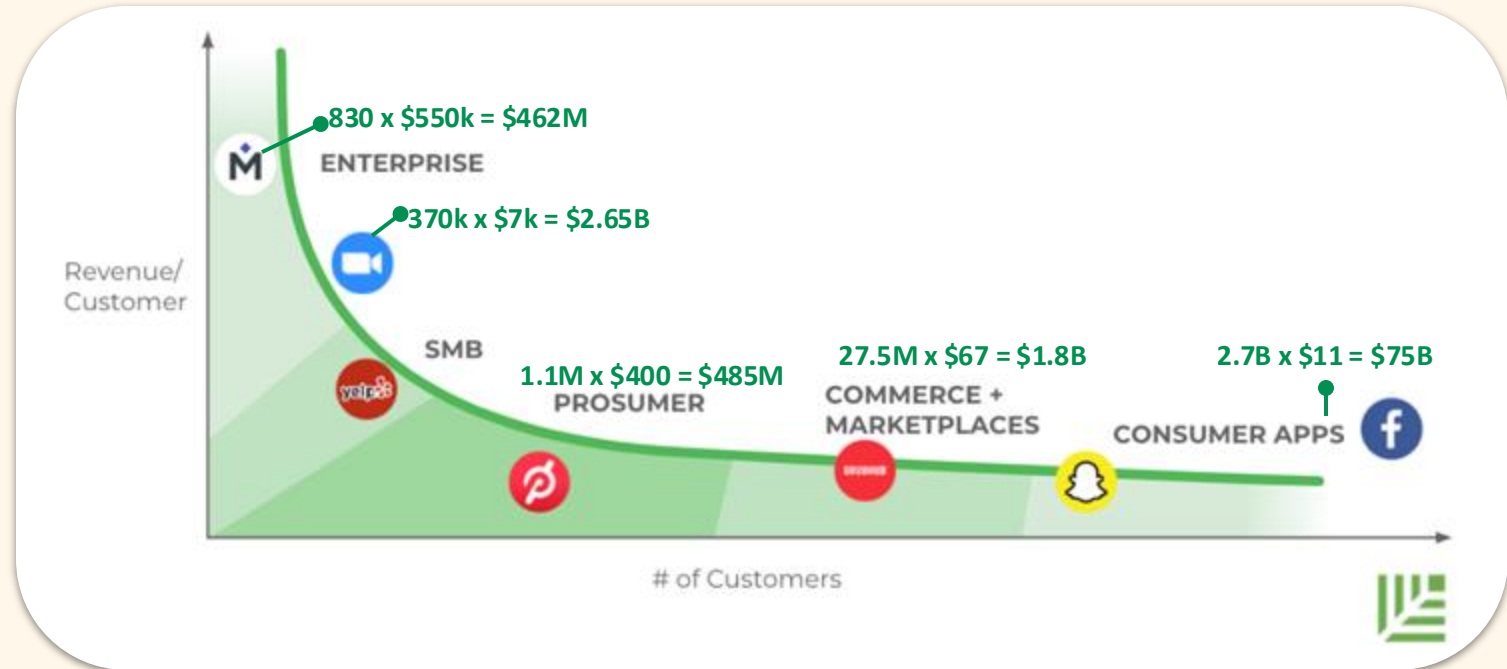
# of Customers

If not big enough, show expansion plan

	Customer Segment X 100K seats	**Customer Segment Y 300K seats**
Product A	$1B	$3B
Product B	$2B	$6B

Stage 1 – initial target $1B

Stage 2

Stage 3 – total market $12B

Value Proposition/ROI

What value do you deliver to your customers?

Examples of value:

- **Efficiency:**
  - **Time saved (eg, using AI to read forms reduces form ingestion time by 10x)**
  - **Labor costs (e.g, front-desk receptionist replacement)**

- **Revenue generation:**
  - **Increase top-line revenue (eg, sales tooling)**
  - **Lower customer acquisition costs (eg, better ad units)**
  - **Open up new market/channel/customer sector (eg, access to new marketplace)**

AND A COMPELLING VALUE PROPOSITION

In addition to substantial convenience and network value. WeWork offers meaningful financial savings compared to the alternative

ANNUAL SPACE COST COMPARISON
VS. STANDARD OFFICE LEASE

25% SAVINGS

WeWork: **$7,800**

Standard Office Lease: **$10,350**
- $600
- $825
- $2,550
- $6,375

- Administrative Expenses (Lease Administration, Office Mgmt)
- Office Expenses (Internet, Printers, Supplies)
- Occupancy Expenses (Cleaning, Utilities, Maintainence, etc.)
- Up-Front Costs (Design, Construction, Legal)
- Membership Fee / Rent Expense

wework

Dropbox

- Keeps files:
  - In sync across computers
  - Backed up
  - Accessible from anywhere
  - Easy to share
- It just works

Dropbox
www.getdropbox.com

Business Model

How will you make money?

Given customer ROI, does this business model/pricing make any sense?

Examples:

- Software is 10-15% of total revenue saved
- Take rate on marketplace 10-30%
- Affiliate fees/commissions between 2-25% (depends on industry)

Targeted Advertisement

thefacebook.com allows for targeted advertisement on the basis of any (or a combination of) the following parameters:

- College/University
- Degree Type
- Concentration
- Courses Taken
- Class Year
- House/Dormitory
- Age
- Gender

- Sexual Orientation
- Home City/State/Zip Code
- Relationship/Dating Interests
- Personal Interests
- Clubs and Jobs
- Political Bent
- # of Intra/Inter-School Friends
- Site Usage

Go to Market

Tell how you will acquire your customers.

Seed and to some extend pre-seed is about figuring out that initial go-to-market so there are few numbers.

Show that you have early signs that your initial GTM hypothesis will work. (Or at least show that you have a good understanding of GTM options)

Customer acquisition

- Loved by early adopters/beta users (natural influencers)
- Free accounts for individuals
- Viral elements: file sharing, shared folders, photo/media galleries
- Platform, partnerships → free customer acquisition

Dropbox
www.getdropbox.com

Traction

Pre launch. What sort validation have you done? Are there any clear points that this is working.

Post launch. Do you have any proof points that it is working? ("Traction")

- **Engagement**
- **Customer love**
- **Revenue**
- **Pipeline**
- **Unit economics**
- **ACV**
- **Retention. Expansion.**

- **Ranked #1 among summer YC startups:**

  "...the simplicity and elegance of its interface, which blends seamlessly into both Windows and OS X, sets it apart."

  http://venturebeat.com/2007/08/16/the-y-combinator-list/

Dropbox
www.getdropbox.com

SELECT CUSTOMERS

MailChimp · GENERAL ASSEMBLY · verizon · Expensify

Y Combinator · docker · HubSpot · onefinestay

Front works for teams of all sizes, across many different industries.

CONSISTENT ORGANIC GROWTH

■ COMPANIES
○ MRR
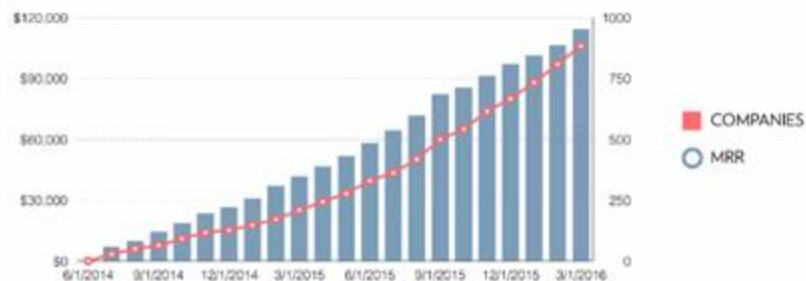
MRR grew 5.4 times in the past 12 months.

CUSTOMERS ARE VERY SATISFIED

" Front has a great user experience! It is extremely efficient, reliable, and easy to navigate.

Bellhops, 100 seats

" Wouldn't go back to Gmail if you paid me.

Baroo, 20 seats

" A wonderfully useful tool that has saved us time and energy. If an opportunity arises to recommend Front to other teams, even outside of MailChimp, it's always top of mind.

MailChimp, 4 different teams

" I'm in love with Front!

Guillermo Rauch, this week-end

LOW CHURN

○ USER CHURN
○ MRR CHURN
○ NET MRR CHURN
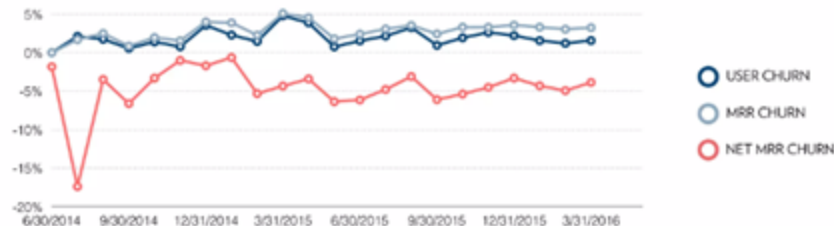
-3% monthly user churn, negative net MRR churn.

Team

What makes this team special.

It is not just logos.

Why will you win? What is you founder-market fit? What have you done that is impressive?

This is an opportunity to tell your story.

Team

- **Drew Houston – CEO**
  S.B. MIT EECS; first line of code at age 6; first startup gig at 14; founded online SAT prep co after multiple perfect scores

- **Arash Ferdowsi – CTO**
  S.B. MIT EECS (on leave); director of MIT programming competition; prior exp at Google
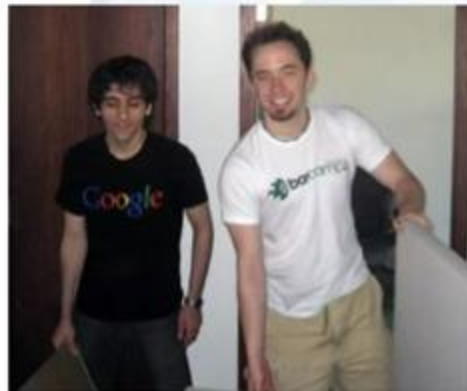
Moving into our first office, 5/14/07

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Team

- Steve Chen: Recruited by Max Levchin as one of PayPal's first engineers; University of Illinois, Computer Science

- Chad Hurley: PayPal's first designer, responsible for PayPal logo, main features, and design

- Jawed Karim: CS Graduate student at Stanford University; Recruited by Max Levchin as one of PayPal's first engineers; University of Illinois, Computer Science

The team

* **Eoghan McCabe** (CEO, product, visual design), **Des Traynor** (COO, customer development, user experience design), **Ciaran Lee** (CTO, software engineering), **David Barrett** (front-end engineering).

* Prolific speakers / bloggers about software design / development and SaaS business.

* Ran **Contrast** for four years, a popular web software design consultancy.

* Launched **Qwitter** and **Exceptional** (both acquired).

Competition

It is important to show that you have a clear understanding of the competition. Don't hide it.

Why will you win? How will you win?

2x2 are a good visual. Choosing axis is key.

Feature matrix gets busy quickly. Keep simple.

Competitors

	Dropbox	Carbonite, Mozy	Foldershare	box.net
Sync	✓	✗	✓	✗
Backup	✓	✓	✗	✗
Sharing	✓	✗	✓	✓
OS integration	✓	✓	✓	✗
Web access	✓	✗	◐	✓
Versioning	✓	✗	✗	✗

www.getdropbox.com

Future

What is the vision in 5 years? 10 years?

This is an opportunity to tell investors why this company will be a BIG company.

Think big.

Financials

What is your funding ask?

What will you achieve with that money in 1 and 2 years? What will you de risk? What milestones will you reach?

Have ready a financial model to send to investors. This model should clearly outline assumptions. Investors want to know how you think.

Three* key questions to check if idea is venture backable

1

Market

How big can it get?

2

Scale

How much capital to scale?

3

Defensibility

How defensible long term?

* Only first one *really* matters, especially in the "good times" when cash is cheap