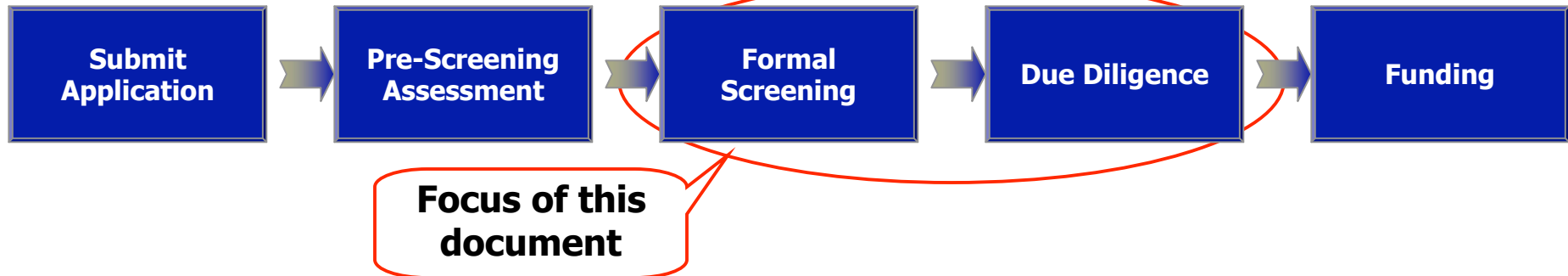


## Presentation Guidelines

**How to present your company  
as an investment opportunity**

**Making the few points that count**

# Six-Step Process



1. **Submit Application** – Complete Business Plan Summary
2. **Pre-Screening Assessment** – Present business plan. SOG provides same-day assessment: accepted for formal screening, or not
3. **Formal Screening** – Present to Sea Oats Group at meeting in Atlanta
  - **Entrepreneur's** objective – Generate enough interest to advance to due-diligence
  - **Investors'** objective – Identify promising opportunities: strong management team with a clear, compelling and credible business plan
  - **We recommend no more than 15 slides**
4. **Due-Diligence** – Starts after successful formal screening; ends with funding
5. **Funding** – Close on equity placement

# The Essence of the Presentation



1. Cover Page - Business Positioning statement
2. What do you do? Describe succinctly
3. What pain do you relieve? What is the **value proposition** to the customers?
4. Who will buy your products / services? Describe the market
5. Who does it at your company? - List the team + credentials + previous endeavors
6. How better than others do you do it? - Your company vs. the competition. How will you sustain your advantage?
7. How do you sell it? - direct, channel, etc.
8. What is your time-table and what have you already done? What will each step cost? Milestones?
9. How will you grow the company beyond launch? Financial Projections + skills
10. How much money do you need? Prior investments, this round, future rounds?
11. What is the **value proposition** for the investors? The X factor, the planned "exit"?
12. What are the risks?
13. Optional: when is the due-diligence meeting and when do you plan to close the round?

# 1. Cover... Business Positioning



**The cover slide should position the company so Sea Oats Group has a framework for listening...**

- Company name (and graphics, if appropriate)
- One-sentence “what we do” statement (positioning or elevator pitch)
- Presenter’s name(s)
- For example:

## **ABC Company**

A service for professional photographers that increases sales and cuts costs through online:

- ✓ Proofing and viewing
- ✓ Print-order fulfillment

Presenter:

John Doe, CEO

## **Payment Protection Systems**

Devices dealers install in cars to assure that poor credit risks pay their loans on time:

- Reminds customer payment is due, controls ignition when delinquent
- Cuts dealer’s collection / repossession costs by 80% or more

## 2. What do you do?



- Summarize briefly what your company does, emphasizing the unique qualities of your product line, but without much comparison to the competition just yet.
- Explain where your product fits within the whole solution to the customers' needs.
- Identify whether or not your customers will see your products as being the main component of the solution or just a portion of it.

### 3. What “pain” do you relieve?



Briefly describe “the pain” which exists in the market. Give a couple of examples, and relate to what “unfair advantage” you have for relieving this pain.

Important points to cover:

1. How do you know that there is real “pain”?
2. Further explain your understanding of the needs in the market. Dwell on this point!
3. What is / will be the ROI of the customers? How fast will they recoup their investment? (the “value proposition”)
4. How will you protect your product from becoming a commodity?

## 4. Market...The Customers



- Define the characteristics of the companies or consumers that need a solution
- Quantify – number of prospects that have the need
- Explain how the market is growing and why

Identify the important 2 – 3 segments of the market; for each...

- Estimated market size (customers & potential sales)
- What distinguishes the key segments from the broad market and from each other
- How urgently customers need or want the solution

## 5. Management Qualifications...



### Focus on the management team, in particular:

- **CEO** – Prior entrepreneurial experience in similar businesses
- **CTO** – Proven know-how in your core technologies
- **CMO** – Proven knowledge of the target markets; strong relationships with channel partners &/or key industrial customers
- **CFO** – Prior IPO or acquisition experience
- Identify who is full-time and who is part-time or on the sidelines awaiting funding...
- Identify **BOD** and **BOA** members, highlighting any strategic members' value-added



## 6. Competitive Position... Competitors & Barriers



Address three barriers to adoption:

- **Big Dogs** – What are huge, well-known companies that have existing products and well-established relationships with your target customers doing? How will they react to your initiatives?
- **Inertia** – What will it take to get customers to change what they are using / doing today?
- **Innovators** – What companies might leapfrog your solution with equal or better solutions?

Explain how you propose to win against the best of these.

In particular, describe your strongest barriers to competition... *i.e.*: if you are successful, how do you plan to block better-known or better-funded competitors from moving in and taking over.

# 7. Marketing / Sales / Support



Briefly explain the expected selling cycle.

Describe how you propose to reach your targeted customers – focusing on the initial segments

- **Marketing** – To raise customers' awareness of your product and stimulate their interest in buying
- **Sales** – To give *buyers* (buying decision-makers) a convenient way to find out the details and place an order
- **Support** – To help customers understand your product before buying, during installation and in use

If you rely on indirect channels, explain:

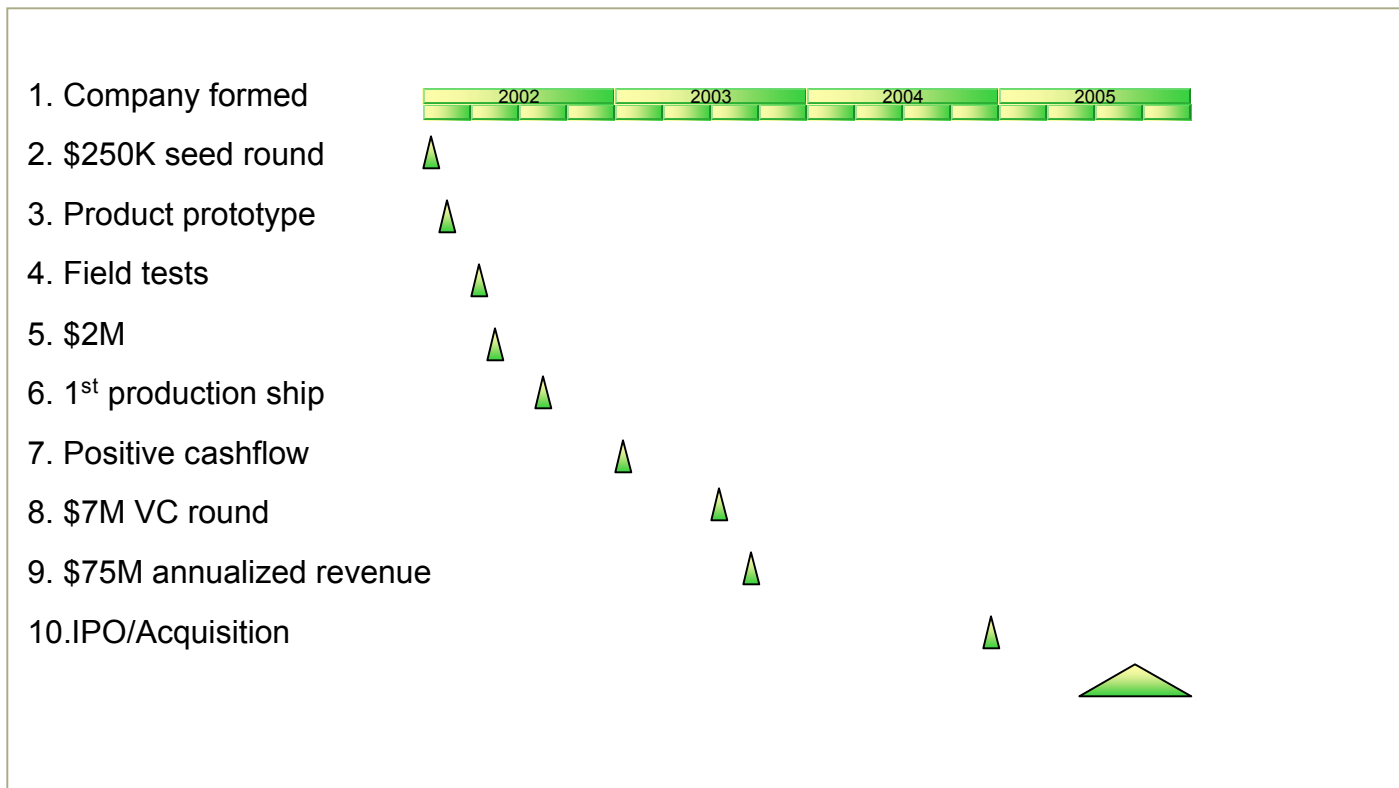
- Your approach to reaching *them*
- Whose responsibility it is to raise awareness and generate demand among end-customers
- Who provides pre-and post-sales support

Describe special sales incentive programs (if any)

# 8. Milestones - Past and Future, Business And Financial



Provide a milestone chart similar to the one below, and describe the use of the funds:



## 9. Growth Beyond Launch



- Describe the 3-5 year goals of the business
- Identify the several most important steps needed to reach that goal
- Specifically say what you need to do to achieve positive cash-flow and how long it will take to get there
- Identify specific steps to IPO or acquisition readiness
- Place the key steps and milestones on a Gantt chart
- Explain the development status... how much work remains before the product / service achieves full functionality?
  - Show your intended schedule for *major* product development on a time-line (Gantt chart) covering the next 18 – 24 months
  - Identify major development risks or challenges
  - Provide estimated levels of effort &/or costs for each product
  - Summarize future products' fit with market needs

# 9a. Financial Projections



Provide a P&L similar to this one:

	Financial Projections (\$000s)				
	Last 12 Mo.	This Year	Mo. 13-24	Mo. 25-36	Mo. 37-48
New Customers					
Units Shipped					
Revenues					
Gross Profit					
Gross Margin %					
SG&A					
EBITDA					
Cashflow					
Cum. Cashflow					

Be prepared to explain “dramatic” numbers, such as:

- “Instant” market penetration & dispersion
- “Hockey stick” growth
- Unprecedented margins
- Long periods of negative cashflow  
 (“goodness” is positive cashflow in 6 – 12 months)

# 10. Funding Sought... Amount , Valuations, Use



Provide a capitalization table similar to this:

	Pre-Money Valuation	Raise	Post-Money Valuation	Total	Founders	Round 1 Investors	Round 2 Investors	Round 3 Investors	IPO
Round 1	\$ 1,191,892	\$ 700,000	\$ 1,891,892	100%	63%	37%			
					\$ 1,191,892	\$ 700,000			
Round 2	\$ 4,000,000	\$ 2,500,000	\$ 6,500,000	100%	39%	23%	38%		
					\$ 2,520,000	\$ 1,480,000	\$ 2,500,000		
Round 3	\$ 12,000,000	\$ 7,000,000	\$ 19,000,000	100%	24%	14%	24%	37%	
					\$ 4,652,308	\$ 2,732,308	\$ 4,615,385	\$ 7,000,000	
IPO	\$ 45,000,000	\$ 15,000,000	\$ 60,000,000	100%	18%	11%	18%	28%	25%
					\$ 11,018,623	\$ 6,471,255	\$ 10,931,174	\$ 16,578,947	\$ 15,000,000

Identify the major uses of funds for each round prior to IPO or acquisition... this round, prior rounds and next round(s)

Describe the size and composition of your current “burn-rate”

Expect tough questioning in proportion to any valuation.

# 11. Liquidity – When/How Much?



## If an IPO is in the cards...

- Cite recent examples of successful comparable offerings, their offering valuation and their current market cap
- Explain why you believe the opportunity will remain when your company is “ready”

## If you anticipate being acquired...

- Identify the two or three most likely buyers
- Explain why they would be interested
- If possible, describe recent acquisitions of comparable companies and the deal value
- Describe any relationships you already have with potential acquirers, investment banks or VCs that might facilitate your liquidity plans

## The Value Proposition for the Investors

- Calculate, taking into account additional future investments, what the X factor is going to be for the current round of investments

# 12. The Risks



## What keeps you up at night?

- Quality issues?
- Adoption rate?
- Costs?
- Cash-flows?
- Manufacturing problems?
- Personnel training and retention?
- The competition?
- Etc.

Be open and straight forward. We are looking for “win-win” situations.



# Solution...Your Product or Service



Clearly explain your product(s)... what it is that customers will be buying.

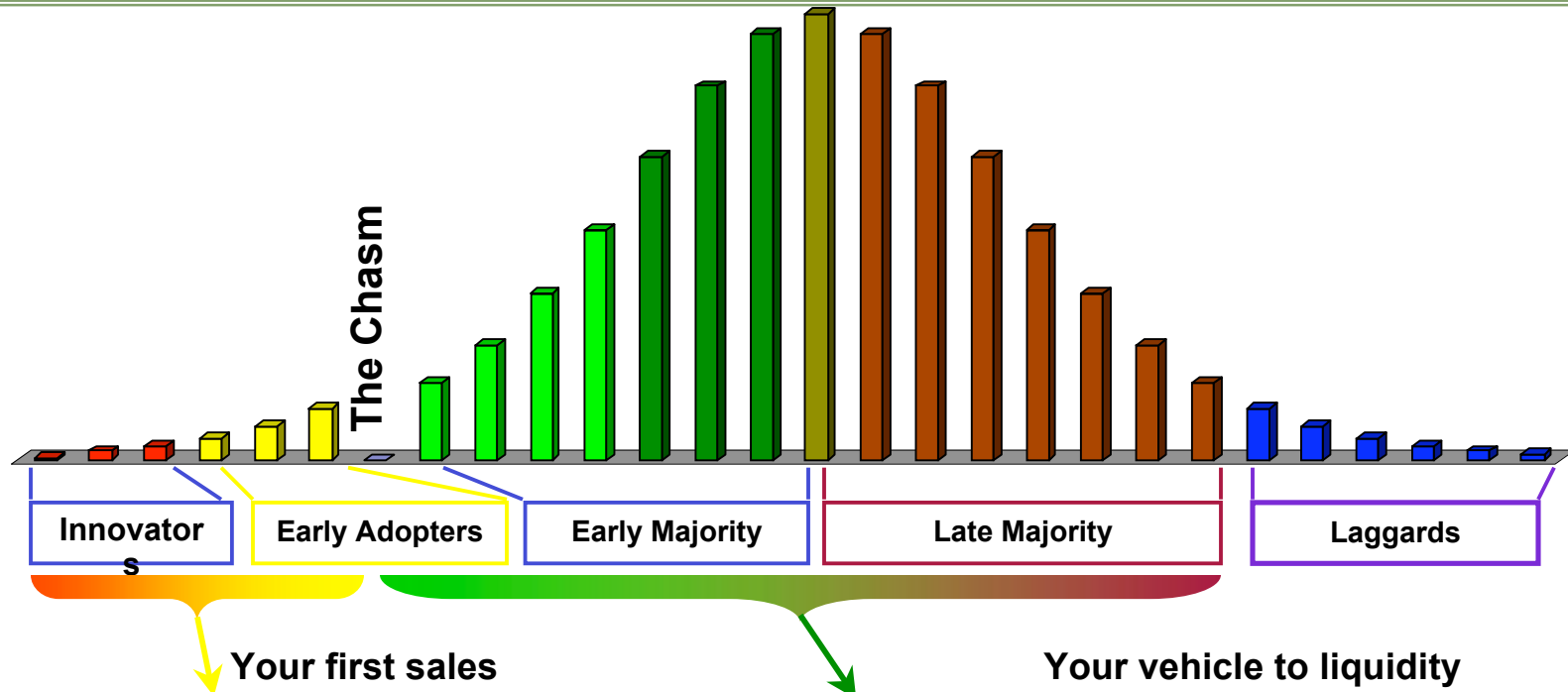
Explain where your product fits within the whole solution to the customer's need, as customers see it. For example:

- Services, technologies or platforms (“enablers”) required to make your product effective
- System, behavior or procedure conversions required to realize the key benefits

Identify your product's value-added (what portion of the whole solution you provide)... and whether customers will see *your* product as being the main component of the solution

Describe the benefits delivered, justifying the cost of the whole solution vs. the expected benefits.

# Customers' "Needs" – Pre-Chasm and Post-Chasm



## Characteristics...

- Technology, per se, interests them
- Visionaries
- Gatekeepers, endorsers

## Questions...

- Who and where are they? How many are there?
- Why will they buy your product?

## Your vehicle to liquidity

## Characteristics...

- Practical, pragmatic
- Need proof
- Conservative... adopt technology as a tool

## Questions...

- Who and where are they? How many are there
- Why will they buy your product?

# How We Assesses Market Opportunity



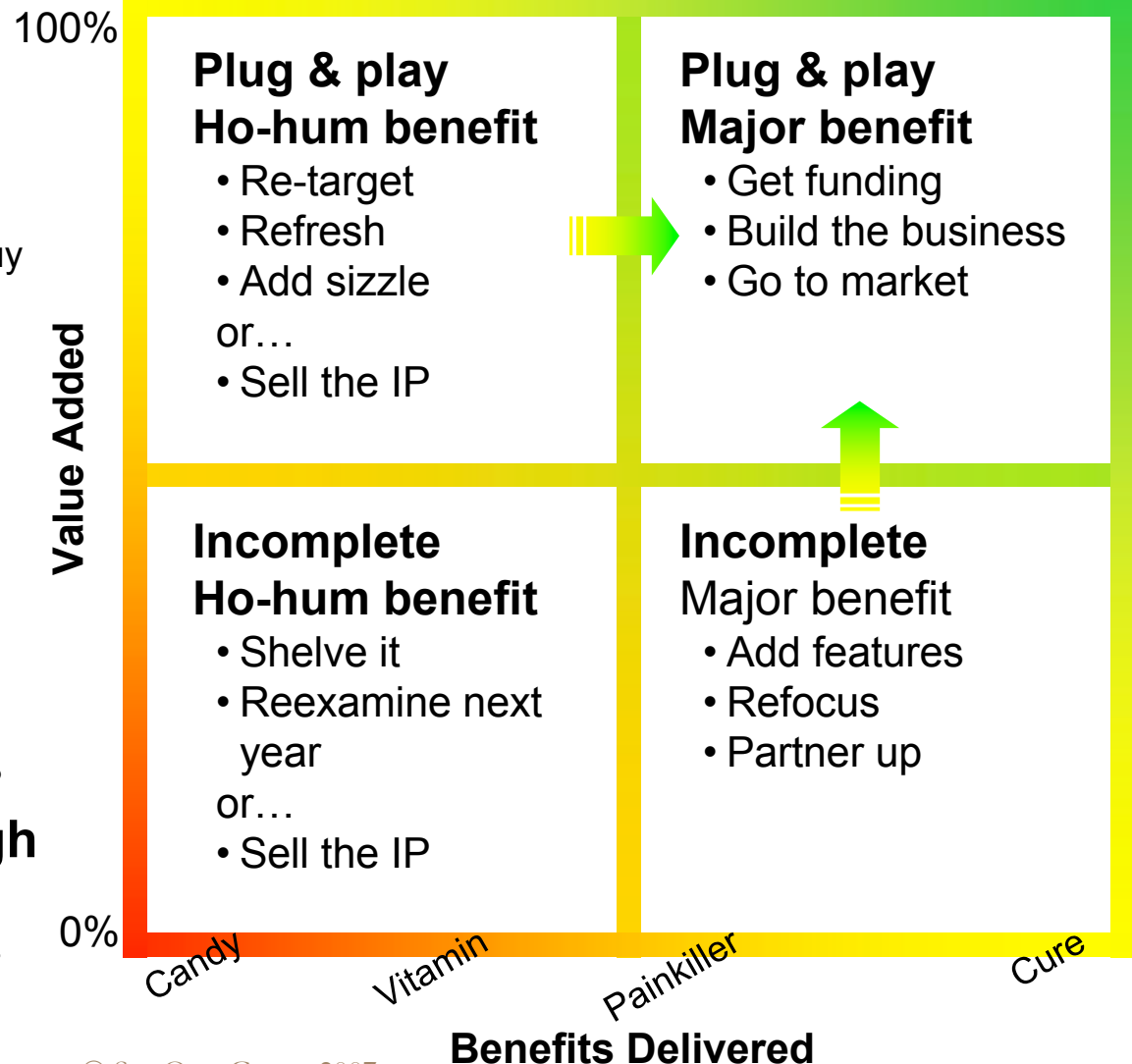
## Value Added

- From the end-customer's viewpoint, how much of the "Whole Solution" does YOUR product deliver?
- What else must the customer buy or do to realize the expected benefits?
- What alliances will you need to complete the solution?

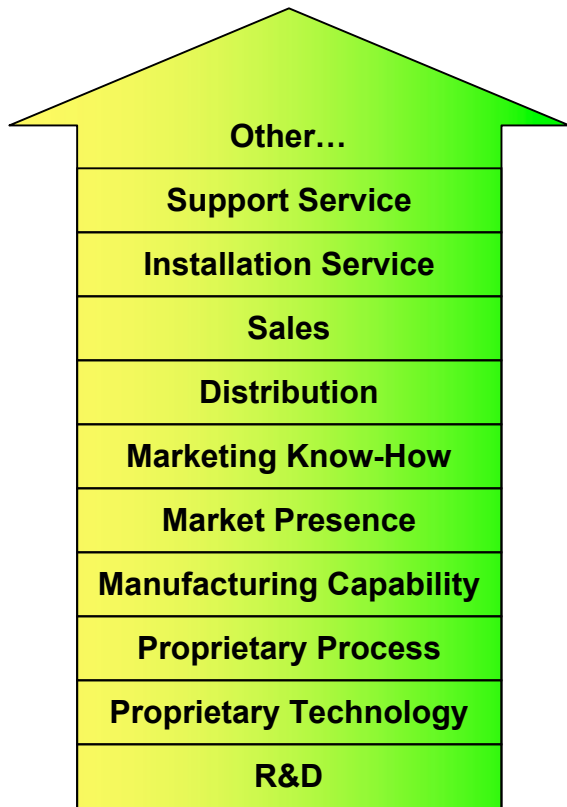
## Benefits Delivered

- **Business market...**  
How much can your product increase revenues or lower costs?
- **Consumer market...**  
How much happier, healthier or richer will it make the customer?

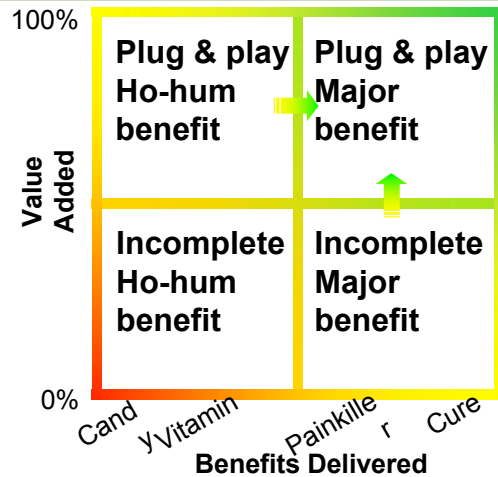
**Overall: Are there enough potential customers to make a business thrive?**



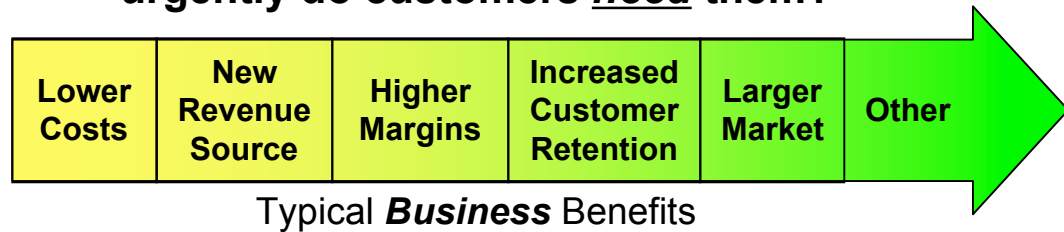
# Whole-Solution Value-Added vs. Perceived Customer Benefits



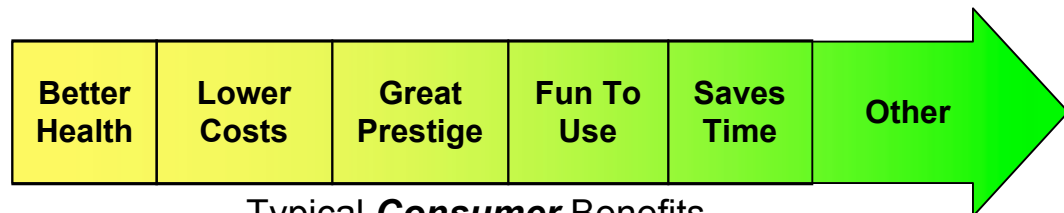
What percent of the “Whole Solution” does YOUR solution provide?



What are the principal benefits and how urgently do customers need them?



Typical **Business** Benefits



Typical **Consumer** Benefits

# More about Value-Added



## What pieces of the value-added stream do you own, control, perform?

### R&D?

- Product technologies
- Customer processes, needs, technologies

### Proprietary Technology?

- Protected or exclusively licensed
- That plays a core role in delivering the solution's major benefit(s)
- How does it do that?
- How might a competitor duplicate benefits without infringing?

### Proprietary Process?

- Protected or exclusively licensed
- That plays a core role in delivering the solution's major benefit(s)
- How does it do that?
- How might a competitor duplicate benefits without infringing?

### Manufacturing Capability?

- Able to meet ramp-up schedule
- Adequate quality and cost

### Market Presence?

- Brand awareness and value
- Product positioning

### Marketing Know-How?

- Relevant to target customers
- For similar products or services

### Distribution?

- Access to preferred POSs
- Relationships with market-makers

### Sales?

- Access to initial customers
- Salesforce that knows and gets face-time with targeted customers
- Salesforce mind-share

### Installation Service?

- Ability to make sure customers get product up and running

### Support Service?

- Ability to answer questions
- Ability to keep customers satisfied

# “Embedded Value”



The combination of “value-added” and “benefits delivered” roughly translates to “embedded value”

- The more you contribute to delivering the whole solution, the more potential your company has to become embedded in your customers’ business or life
- The more valuable your solution is to your customers, the more likely they are to continue to use you (or seek to acquire you)

Examples of the concept:

- **Microsoft**: with MS-DOS, Windows and IE built-in, they are embedded in PC products
- **Amazon**: becoming more-fully-integrated “store” with more lines to be a “one-stop” shop for e-customers
- **Yahoo**: tough to see where they are more than an easily-substituted site
- **E-Bay**: moving to become standard channel for remaindered (unsold) goods

