

Navigating Pre-Seed Fundraising: A Tech Startup's Journey

Cotiss

Summary by



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Overview

The document outlines a technology startup's experience in securing \$2.2 million in pre-seed funding, emphasizing the importance of refining their pitch, leveraging angel investor feedback, and targeting venture capitalists (VCs) effectively. It discusses the challenges of differentiating in a market not driven by trendy technologies, focusing instead on solving a fundamental problem in procurement. The startup's strategy included understanding the audience's knowledge of their sector and iterating their approach based on this feedback, ultimately appealing to investors by highlighting their unique value proposition in a niche yet vital area.

- Introduction: Harry from COdiS discusses completing a \$2.2 million pre-seed funding round.
- Challenges in Fundraising: The toughest part was crafting the right pitch, involving numerous iterations.
- Strategy: They approached over 100 angels before contacting VCs, refining their pitch based on feedback.
- Feedback Importance: Recognized common stumbling points in their pitch and iterated accordingly.
- Approach to VCs: Prepared thoroughly before approaching VCs to make a strong first impression.
- Angel Investors vs. VCs: Found angels provided more honest feedback, which was crucial for refining their pitch.
- Market Positioning: Emphasized their unique positioning in an "unsexy" but important market segment, avoiding trendy areas like AI or Web3.
- Problem Solving: Focused on solving a significant global problem in procurement, which is fundamental but not considered glamorous.
- Investor Appeal: Their clear argument and focus on a significant problem appealed to VCs looking for solid B2B SaaS products.
- Understanding the Market: Noted that their success with investors often depended on the investors' understanding of the procurement space.
- Differentiation: Their approach was to work on a sensible product, away from the hype, which brought value to enterprise businesses.
- Product Description: Although not building something as flashy as OpenAI, they're addressing a crucial issue with broad implications.

- Investor Reception: Found that those familiar with procurement were more likely to invest, seeing the importance beyond the perceived dullness.
- Unique Approach: Their strategy of focusing on a critical but overlooked problem stood out in the investment landscape.
- Software Development: Aimed to develop impactful software in a niche not typically associated with excitement.
- Closing Remarks: The discussion concludes with appreciation for COdiS's innovative approach in a challenging market.

This conversation highlights the intricacies of startup fundraising, particularly the importance of pitch refinement, understanding the audience, and positioning in the market.