

Pitch the way VCs think

presenting with emotion...

Investors bounce between fear & greed

Emotion is the reason to invest: feelings, stories, narratives not facts!

Rationale is the reason to “explain investment or not invest”

Complexity scares investors; KISS works; jargon-free

Play games or hide things: good investors will notice

Judging you: be confident, transparent, humble... but don't trigger BS meter!

Surprising truths

Message sent is OFTEN not the message received

Simplify: Tell the “story” well enough to get to complexity later

Steer into your investors’ objections! Don’t avoid them; ask

How do you become one of the 3 out of 1000’s in a 7 years?

Your goal: get to the next stage... get investors to dig in

Investors' view of your business model

There are startups that know how they'll make money & those that haven't figured it out yet but can define options/tests to run

Technical startups should have technical risk & lower market risk

Series Seed, A, B have increasing specificity & more risks eliminated;
Series C should be growth round. What do you de-risk with this round?

Your “first pitch” goal

Make sure investors know what you do in first 60 secs

Show why it is awesome: “If I can prove x, then...”

Show market is big enough or new to be exciting

You can or have figured out the product market fit

The technical risk is manageable & market obvious

And LAST the team is worth backing

You're selling the partnership, through your sponsor VC, so give the individual partner the talking points to overcome all objections; pick the right partner

Engineer the investor's "email"

Vinod Khosla, David Weiden, Samir Kaul, Sven Strohband

Prysm Opportunity

Team,

Reviewed a very interesting company today.

- Opportunity: 100 inch plus displays at 1/4 the price of the best in class competitive technologies.
- Technology: Laser TV on phosphorus screen.
- Competitive advantages: COGS-- utilizes off the shelf components. Bezel-- it has none, enabling stackable displays. Energy-- 20% of competitive technologies.
- Risk: Valuation is high. Market adoption may be slower than company expects.

I would like to discuss on Monday and get help with diligence calls.

--

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Preparing to design a deck...

Starting prep: everything you want to say

Reasons to Invest

Data/Technology/IP
10x better than anyone else in the space
12 patents with IP blocking key competitive threats

Business/Model
Built in market effects

Initial market
Initial market is \$~10 billion, but could expand to \$30 billion as they grow the market

Exciting upside market
Strong results with less than \$3m invested
Technology can be applied to other markets
Network and market effects built in product
Growth can be fueled by strategic partners

Team
John Smith, CEO, PhD in Computer Science, previously CEO of Wozzle
Jay Joe, CTO, PhD in Mechanical Engineering, previously CTO of Nest
Andy John, COO, previously COO of Square

Reasons to NOT invest (risks)

- Launch vehicle delay or failure
- SkySat-1 fails before 2 year design lifetime
- US Government regulation
- Customer product requirements mandate scope creep & cost increases
- Technology development results in cost increases & delays
- Delay in recruiting remainder of team
- Large information product market fails to materialize
- Anchor customers reduce data budgets
- Actual on-orbit images fail to meet lead customer requirements
- Competitors match Skybox's low commercial pricing
- Lower cost monitoring solutions materialize
- Payload supplier can't deliver on time/on budget
- Automated imagery analysis capabilities require more time/effort to implement than anticipated
- US Government commissions similar constellation to Skybox
- Skybox satellite or ground station security compromised
- Foreign government imaging satellites compete with Skybox

Prep is an opportunity to cohesively understand your business

The questions brainstorm is a safe space for founders to externalize any anxieties, sticking points, uncertainties & dreads

You want part of your braintrust coming up with questions to be uninitiated to the company and provide fresh eyes

And get the team on the same page & leverage their perspective.

—First Round Capital

Start: narrow to the 3-5 “lures”

Reasons to Invest

\$10m gizmo generates \$60m high margin revenue, (wow!, greed)

Low risk, low capex approach to rapid & extensive monitoring

Proprietary high data rate + 95% lower data costs, 900% more data (technical advantage)

Upend \$1.5 b ser. eng, \$3b GIS, \$1b BI markets + new potential (existing + potential markets)

First gizmo = cash flow positive company (Easy economics if we get to stage 1)

**Read “Fascinate” ,
Specifically, not
generically**

Start: plan to directly address investor fears!

Reasons to NOT Invest

Contingency for delay or failure

Gizmo fails before 2 year design lifetime

Technology development results in cost increases & delays

Automated analysis technology risks

Large information product market fails to materialize

**Read “contingency
plans, basecamp,
preparedness, appendix
details”**

Start: roughly budget your presentation

What you do & market (2-3) user problem & solution, market product

Tactics (2-3) : go to market, segmentation, proprietary business model

Advantages (2-3) : Special sauce, IP, uniqueness, unit economics, CAC

Risks & risk management (3): risks, contingencies , why now?

Team Uniqueness (1) – uniqueness plus “additional needs”

Financials & contingencies (3): revenue, cash flows, Contingencies?

Competition & differentiation (2): full disclosure on competition, advantages

Others (1-2): milestones with fundraise, use of financing

Write the 20 slide headlines

Slide headlines should each be a message not a title
("Team" is a title; "Team engineered for this opportunity" is a message)

The 20 slide headlines without content should tell an emotional narrative

Pitch by analogy for association but don't reason by analogy

You can start with your investment thesis or the problem you are solving... more than one way

... but not top down bullshit market numbers

Presenting: Confidence but substance...

Separate now vs. future... but don't trigger the bullshit meter

Eric Paley's (Founders Collective) advice

Write a 30-second commercial about your startup

Why is 20% of your equity worth \$10m? The answer, and that script, should be the backbone of your pitch. If Hollywood can tease a 2-hour film in 30 seconds, you can tease a 45-minute meeting

Start with a splash

Launch right into the biggest statement you can make about your company's impact in the future. The message from the outset should be "If we do our job right, we will completely change the way...!"

Paint a picture with words

Specific > Generic, every time. Instead of a slide title that says "Team," you could write, "We've worked together for 5+ years at Uber and introduced _____ together" Repeat for every slide.

Add images last

Only start adding images to your deck after you've got the twenty or so slide headlines in order. Graphics are a crutch. They should only be there to support each headline. Ideally, there are no other words beyond the headline.

This isn't easy. In a 16:9 slide format, with 28 point title font, you can only fit in ~15 words or ~75 characters per slide. You likely won't use more than 300 words! Use a subtitle if needed, but brevity is important. The story needs to be crisp.

Start: Unbudgeted backup with the appendix

Have a backup slide for every question you might encounter!

Convey preparedness with slides for any question or metric

List the questions/objections & update after every meeting; detail ok

Try 2-3 test VC's (not your target) first & redo your presentation

Mindset in presenting...

Watch the cadence & engagement:

Don't take 5 slides to explain what you do... go boom, punch, boom!

The first 60 secs is critical: engage audience

Substance over generics; simple meat (not BS) over platitudes

Close with the big reason- your last slide is THE message

What VCs' value:

Team: geeks, sales & marketing forces, entrepreneurs

Competition: transparency, unique niches/approaches

Clear elevator pitch: no jargon, KISS, punchy

Credibility: not too good to be true; practical “reach”

The fundraising founder has to operate at the right oxygen level between the soil and the stratosphere. Not in the trenches, but not in rarified air.

—First Round Capital

Follow VCs' thought process

Mission: what pain (not vitamin) does company alleviate; prove it's a pain!

Reasons to invest: emotional/greed reasons work better

Risk mitigation: risk management plan shows preparedness; address don't hide

Team: How impressive for the plan? What's special in the "gene pool" vs. names/titles?

Financials with cash flow: What does financing achieve/eliminate as risks?

Remember

When Song & Schwarz presented “exercise instructions” in Arial, readers guessed that the exercise would take 8.2 minutes to complete. When presented the identical instructions in Brush Script MT, they guessed it would take 15.1 minutes. Plus they were more willing to incorporate the Arial-presented exercise into their daily routine.

Implication:

If we want people to adopt a new behavior, the instructions don't just need to be semantically clear, they also need to be visually easy to read, otherwise the behavior will seem too demanding.

Visual emotion vs. visual mess

Detail, too many messages, fonts size & type, complex
or too many graphics, sentences, colors

or

Visual omph thru simplicity!

It matters!

Make all numbers match: often they don't

Numbers should match consistently

Verbal descriptions: hyperbole without proof loses credibility

The presentation's middle slide

Marketing, financials & actuals (or trends)

P&L, margins %, unit economics, CAC

Appendix slides

Command your numbers: CAC, scalability of CAC, cash flows to risk, details next 4-8 qtrs and 5 yr needs;

If you are really early, talk about everything you have tested and your key, data-driven learnings

VCs like data-driven founders. They like the fact you test and are thesis-driven

Acknowledge if you are a concept or data driven startup

The deck...

State the problem clearly:

Be specific, not generic/obvious: Not “Healthcare is Broken”

Focus on compelling pain, not a vitamin: prove it beyond stating it

New market creation is ok: larger, riskier bet ... if sexy!

Concept driven pitches ask to believe in larger vision

Data driven pitches show proof

Which one are you?

Start: deck detailed rules & tips

No clutter: where does the eye go first?

Don't go to the edges; don't clutter or mix messages

Examine every word, picture, bullet. Is it necessary?

Single line “de-worded” uncluttered messages: titles, bullets...

5 Sec Rule: How will each slide be “read” in 5 secs?

Superlatives are not proof: “Show” DON'T “Tell”

Start with an agenda/hook & repeat where you are in agenda/story

1

State the problem clearly: complex



1 The visceral punch

Our Mission – No More Finger Sticks



2 State the reasons to invest upfront & punchy

Reasons to Invest in Zyomed

Only solution for a critical need for 362M chronic diabetes

Technology: silicon-realizable invention for all glycemic use cases

Skeptical evaluation team concludes: "shockingly good results"

Team with strong science & area expertise

\$8m to device prototype & science validation in multi-enter trials

Easy path to Series C & billion dollar market

2 One Format: each reason addressed one at a time

Reasons to Invest in Zyomed

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Easy path to Series C & billion dollar market

3

One key message per slide

How?

SKYBOX IMAGING

DIGITALGLOBE	GeoEye	SKYBOX IMAGING
		
		

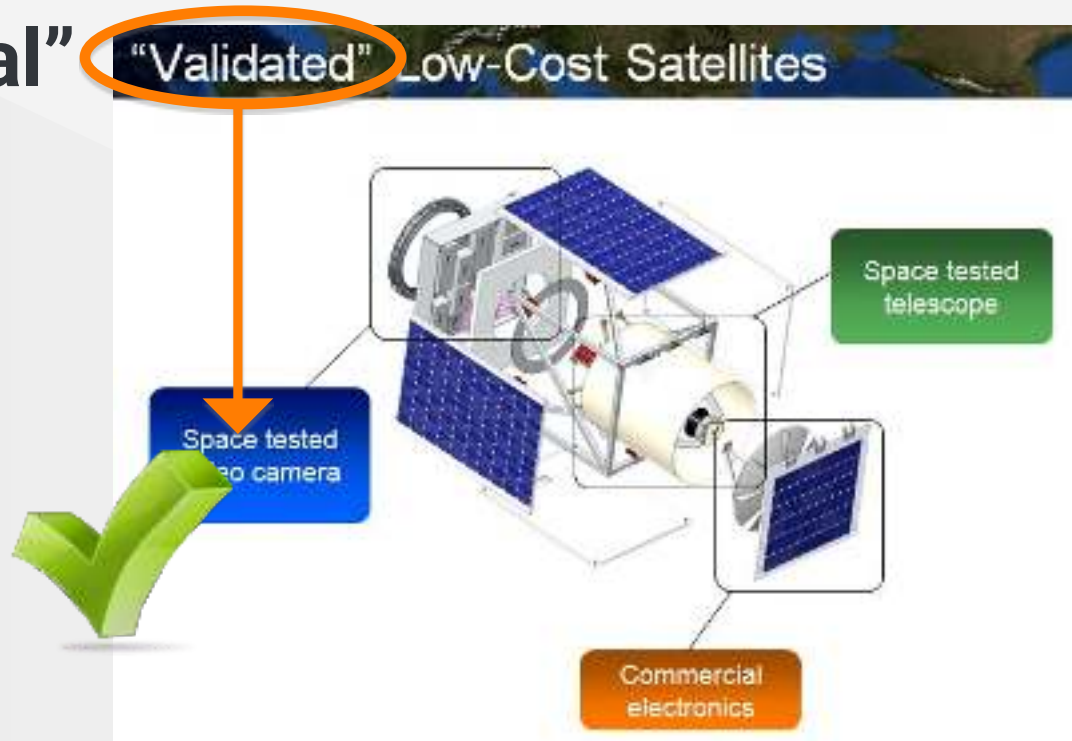
Skybox satellites cost approximately \$4.5M to build & launch, vs \$500M for our competitors

With 36 Satellites, Skybox Imaging will be able to:



3

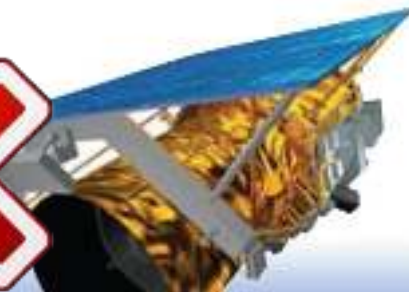
One key “emotional”
message per slide



4

Title is key message

Satellite Comparison



	SkySat	GeoEye-1
Weight	130 lbs	4300 lbs
Cost		
Satellite Bus	\$775,000	\$380,000,000
Optical Payload	\$1,000,000	\$170,000,000
Launch	\$1,500,000	\$50,000,000
Insurance	\$305,625	\$54,000,000
Total Satellite CapEx	\$4,306,625	\$504,000,000
Amortized cost to image Earth's landmass	\$1,806,090	\$47,060,808

4

Title is key message: visceral

Uncluttered: 5 second rule

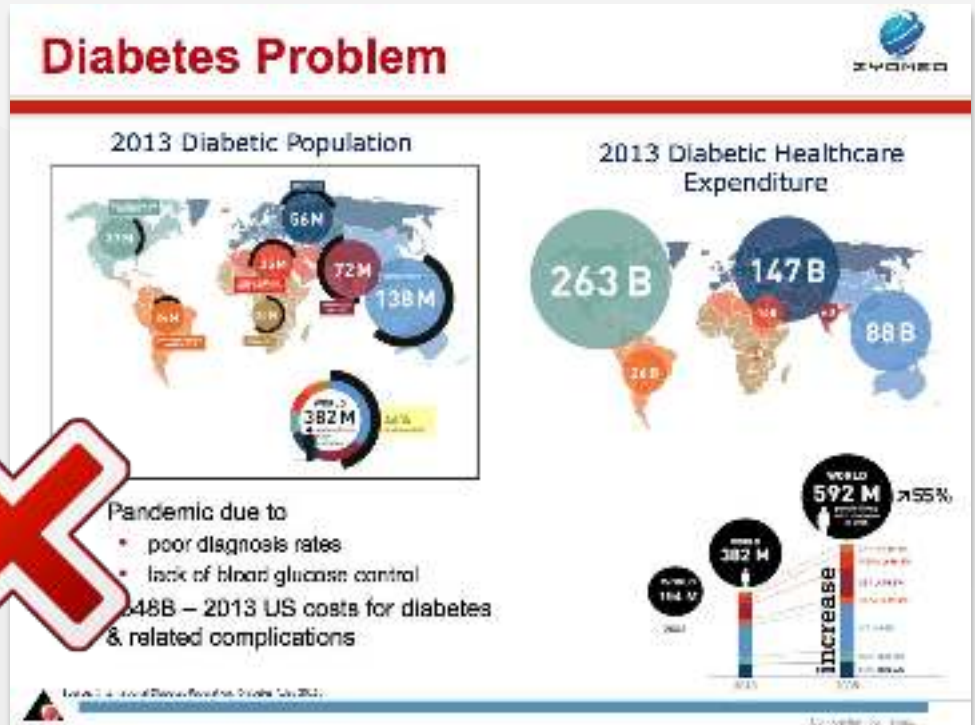
96% lower data cost

	Skybox	Competitors
Revenue/km ²	\$2-3	\$2-3
CapEx/km ²	\$0.02	\$0.27
OpEx/km ²	\$0.008	\$0.40
Total Cost/km ²	\$0.03	\$0.67

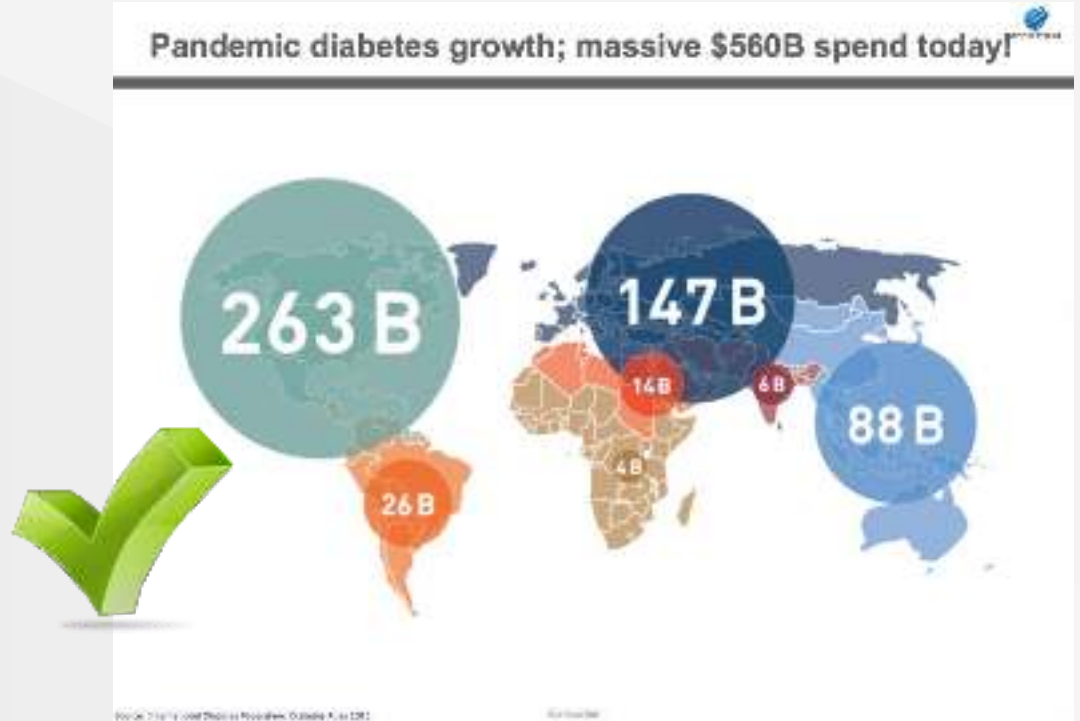


4

Title is key message



4 Title is key message visceral



5

De-word! Few words rule + single line title rule!



2PG nanopore based instrument and patented biochemistry provides a powerful diagnostic platform

- Multiplex 17+ traits from a single sample
- 3-4 traits per nanopore array

Sample to Answers

Amplification: Nanopores



Molecular Test Compatibility

- "Traditional" end point PCR
- Isothermal (LAMP) PCR
- Quantitative measurement
- Relative abundance (MNGT)
- Unbiased - SNP Probe
- Allele specific mutations, SNPs
- Zygosity/Tissue number (copy)
- RT-PCR (RNA → cDNA)

Assays

Demonstrated to Date:

Genotype

- KLAS Covid-19
- BRACIS100
- 24h
- TST-100

Infection Disease

- RT-PCR (RNA → cDNA)
- LAMP
- Isothermal
- 24h/2h
- 700 GNT
- 1000h

Small Molecules

- 1000h

High Genetic Testing

- 24h/2h (SRV, SNCT)
- 24h/2h (SRV, SNCT)
- 24h/2h (SRV, SNCT)

Gene Sequencing

- 24h/2h (SRV, SNCT)

Detection is purely electrical! Nanopore sensor measures: No amplification

5 No extra words: less is more!

Uncluttered: 5 second rule

Multiplex 15+ traits from a single sample

Assays Demonstrated to Date:

Genology

- KRAS (mut. of DNA)
- BRAF V600E
- Msh
- TNF-alpha

Infectious Diseases

- STI Panel: Ct, Ng, Tr
- MTB
- Salmonella
- Flu H (Ng)
- Zika (SNP)
- Tetanus

Small Molecules

- Lisinopril

Hereditary Genetic Testing

- Fertility (SRV, SMCY)
- Cystic Fibrosis (CFTR delta F508)
- Oral bacteria


Comp. Science

- Trait quantitation in mixtures



5

No extra words, no
extra colors, lines,
boxes!



Study – Enabling 2 Unmet Needs

GLYCEMIC WELLNESS (worried well/obese/prediabetics)

Range Prediction Alg.

- Red: <80mg
- Green: between 80 - 180mg/dl
- Yellow: >180mg/dl

HbA1C testing
CPTT (if warranted by PCP)

Wearables

- watch, jewelry
- clip-band
- headband
- glasses
-

GLUCOSE MONITORING (Type-1 & Type-2)

Glucose Value Prediction

BGL: 221 mg/dl
Rate: +1.82mg/dl/min

Replaces both current CGMS and Finger Stick Meters
Feedback control of insulin pumps

- smart-phone form factor
- clip-on units
- Integrated with pumps
- ↓
- watch



5

**No extra words,
simplify complexity!**

**>10,000X
Signal-to-Clutter
Enhancement
Achieved**



5

No extra words, simplify complexity!



Achievement: Better than FDA approved devices

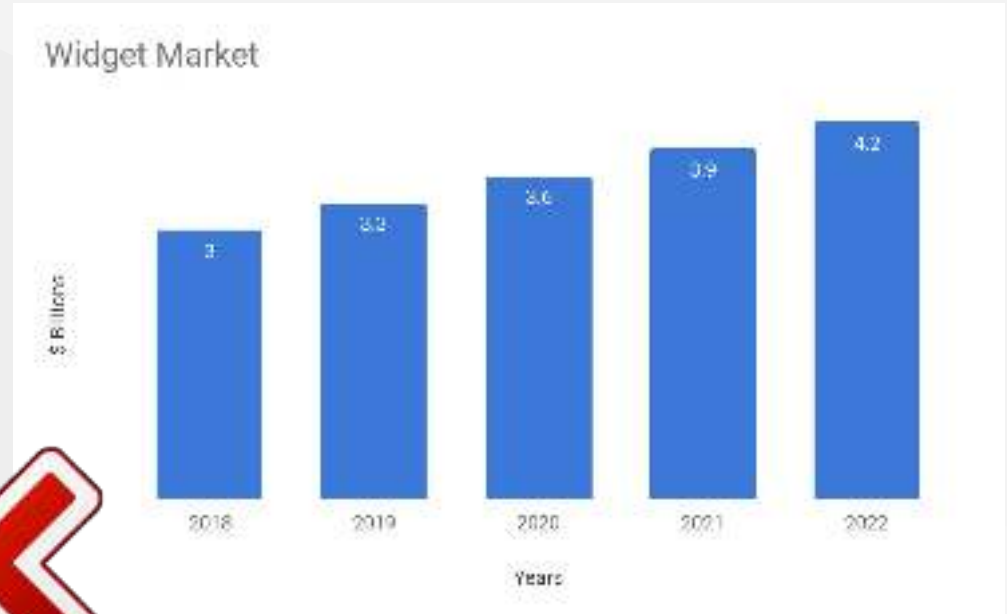
ZYOMED: 12.4% best in class!

Medtronic: Published MARD: 16%

Dexcom: Published MARD: 13-16%

Human IRB clinical studies at Sansum Diabetes Hospital

6 Preferably no top down projections



6

Bottoms up market projection

Credibility matters



	2018	2019	2020	2021
Installed base of widgets	1,300	1,565	1,852	2,157
% that can be updated	10%	15%	20%	25%
Number of updates/year	1	1.5	2	2.5
Price/update	\$5.00	\$5.00	\$4.00	\$3.50
Annual opportunity	\$35	\$221	\$651	\$1,532

7



7

Financials: 7 rows maximum; quarters

	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12
Revenue	-	-	-	-	-	-	-	-	950	2,400
COGS	-	-	-	-	-	-	30	30	552	550
OpEx	2,063	3,432	1,873	2,351	2,375	1,604	1,506	1,568	731	1,751
EBITDA	2,141	3,439	1,729	2,345	2,129	1,581	1,850	1,459	394	76
	25,113	-757	-1,021	-1,632	-423	-307	-1,575	-32	-1,051	-273
Capex	2,355	887	1,118	1,509	255	182	1,396	-	785	21



7

Financials: 7 rows maximum; 5 years

(\$'000s)	2010 (0)	2011 (0)	2012 (2)	2013 (2)	2014 (6)	2015 (6)
Revenue	0	0	2,800	25,100	79,200	161,100
COGS	300	1,800	4,600	9,200	16,200	21,300
SG&A R&D	6,800	9,900	6,700	10,800	18,000	28,900
Operating Income	-7,100	-11,700	-8,400	5,100	45,000	110,900
Financing Activity	16,000	26,000	0	0	0	0
	11,400	22,100	5,000	4,700	26,400	89,200



Details in Appendix

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What does this say about team?



Team Information

Dan Berkenstock
Chief Executive Officer

Julian Mann
Chief Technology Officer

John Linwick
Chief Marketing Officer

Marie Lamond
Secretary

Gordon Eubanks
Secretary

Twitter: @boxheadspace 13

Team Backgrounds

Logos: NASA, APL, JPL, MIT, Stanford, etc.

Space Mission Experience

Grid of 12 images showing various space missions and spacecraft.

State why team is strong?



Dan Berkenstock | CEO/Co-Founder

PhD in optimal design of spacecraft (NASA/Stanford)
Space shuttle operations (NASA)

Julian Mann | CTO/Co-Founder

Co-founded microsatellite communications manufacturer
Program Manager, Stanford Space Systems Laboratory

John Fenwick | VP Government/Co-Founder

National Reconnaissance Office, Program Manager
Stanford University (MS EECS '86), MIT (MS EECS '81)

Robinson | Director, Image Processing

Efficient Multisensor Superresolution Enhancement
US patents in image processing and enhancement

Key Advisors

Mark Leslie
Co-Founder/Advisor

James Culler, PhD
Microsoft, Netscape, IBM, Intel, AT&T, Intel, Microsoft

Marc Tremblay, PhD
Intel, PhD advisor, professor, Intel, Intel, Intel

Rob Shanks
Senior VTO, Intel, Intel

Board of Directors

Peter Lamond
Kaiser Aluminum

Gordon Fishback
General Dynamics

Mark Leslie
General Dynamics

Risk management

Proactive risk mitigation

	Risk	Mitigation
Satellite	<ol style="list-style-type: none"> 1. Optic over time & budget 2. Satellite build delayed past launch window 3. Satellite fails to initialize on-orbit 4. Satellite fails to meet 2 year lifetime 	<ol style="list-style-type: none"> 1. Firm-fixed price contract 2-4. Second satellite built and launched 6 months after first (Dependent on incremental Series B funding)
Regulatory	<ol style="list-style-type: none"> 1. FCC licensing 2. Export license denial (launch) 	<ol style="list-style-type: none"> 1. 2 pre-consultations completed, government board member 2. Top-tier regulatory attorneys
Launch	<ol style="list-style-type: none"> 1. Launch provider delay 2. Launch failure 	<ol style="list-style-type: none"> 1. Second launch slot 6 months following first (Dependent on incremental Series B funding) Insured launch, second satellite built, launched in 6 months (Dependent on incremental Series B funding)
Team	<ol style="list-style-type: none"> 1. Hiring technical team 2. Hiring executive level 	<ol style="list-style-type: none"> 1. Extensive technical network 2. Current recruiter relationships
	<ol style="list-style-type: none"> 1. Conditional contracts fail to materialize 2. Image quality doesn't meet user needs 	<ol style="list-style-type: none"> 1. Meetings with lead customers 3-24 months from launch 2. Optic provider track record



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The ask, the delivered & deliverable timeline...

\$xx m Series B deliverables...

	Completed	Series B	Post Series B
Satellite	Designed	In Space	Scaled to Constellation
Regulatory	NOM License Granted	FCC License Granted	Constellation Licensing
Launch	3 quotes obtained	Launch Contract/Launch	Constellation Launch
Market Adoption	Google/Microsoft/Oil & Gas/US Government Deep Dives	Initial Revenue	Scale
New Applications	250 Interviews Completed	Beta Testing	Scale



Skubox 42
Self-made

Unfair advantages: restate them! Again & again!

Finish with a flourish!

Skybox: Massive Potential

New business model:

weekly & daily monitoring of thousands of locations

50x monitoring capacity:

10x TAM at 80% commercial pricing reduction

Appendix: answers to all questions

List all the questions you know might will get

One question / slide: details ok! Complexity ok

Flip to appendix when answering questions

If you don't have an answer prepared offer to get back (no BS)

Questions Entrepreneurs Ask...

Questions entrepreneurs ask:

How much do I focus on the big lofty vision vs. current offering?

Climbing Mt. Everest as a Strategy: Base camp first & 100X in steps



Questions entrepreneurs ask:

Should I present the many business models possible?

One business model drives the business. It's tempting to list multiple revenue streams but investors generally see a red flag.

The charitable interpretation, is the team doesn't know which one model will work. The bad interpretation is that the team lacks focus.

-Reid Hoffman

Authenticity over focus: If you are not certain don't overcommit to one path; define other paths to Everest



Questions entrepreneurs ask:

What should be on my metrics slide and how detailed should I be in financial plan in the deck?

Simplify visually; answer essence of your business; only critical numbers

Show Preparedness: Have appropriate detailed tables, charts, figures, graphs, figures to preempt diligence & increase confidence in you

Your company should be a problem solving machine

Questions entrepreneurs ask:

How much should I put down for the raise?

Demonstrate amount of “ask” will get to a risk reduction or milestone

Ask for just enough capital to get to a milestone that raises the value

Often entrepreneurs ask for too much

You'll get more if you ask for less & oversubscribe!

Questions entrepreneurs ask:

How do I best show product offering/ tech?

The “story” of the product & why it's special; go back to doing a 30 second commercial for it

Questions entrepreneurs ask:

Which investors should I approach & how?

Do your research: who likes what type of investment?

Approach them in sequence with “test investors” first to tune your pitch

Get an introduction thru their entrepreneurs or do a “thoughtful cold email”?

source: <https://medium.com/swlh/how-to-send-the-perfect-cold-email-to-an-investor-edfe9d45475>

Questions entrepreneurs ask:

Should I do a demo?

Generally Recommended: Unless you execute perfectly, a pre-recorded video demo with NO voice and sound; things do go wrong/destroy flow/cadence & take time

... do voice over in real time

Summarizing the guidelines...

Guides for your deck

State the problem: Emotion over details

Every title should be a message not a statement or topic

Lots of white space in slide & light fonts to reduce visual complexity

Don't need full sentences, just emphasis when presenting (vs. preread)

One line per bullet usually ; graphics over text

Guides for your deck: generating confidence

Slide: focus the users eyes to one place, not wander in visual complexity

Avoid declarations without proof or validation; confidence without hubris

Avoid generic statements: “generic \$B of market size insults investor’s intelligence” vs. bottoms up helps

Look, feel, white space & readability matter: get help!

Put details, complexity and Q&A in appendix

Guides for your deck: details

Fonts, extra words can increase perceived difficulty

Less is more “5 second rule”: flash slide for 5 secs & test takeaway?

Minimum font size 24 pt. for big headings & >18pt. for subheadings

No more than 4 lines per page (maybe 5) & one picture/graphic

Less than 10 words per line generally & <50 words per slide

Guides for your deck: takeaway

Visceral story not dry facts: steer into reasons to invest or not invest

Cover all risks & contingency for each risk OR list options to test

State what you are asking for and what will be deliverable for the “ask”

Engineer the takeaways (the three above)

Make eye contact for credibility

Good blogs to read

Which investors & how?

<https://medium.com/swlh/how-to-send-the-perfect-cold-email-to-an-investor-edfe9d45475>

Advice from First Round

<https://firstround.com/review/the-fundraising-wisdom-that-helped-our-founders-raise-18b-in-follow-on-capital/>

Advice from Eric Paley, Founders Collective

<https://medium.com/swlh/20-lines-to-write-before-starting-your-pitch-deck-8dfb29208d78>

Advice from Reid Hoffman

<https://www.reidhoffman.org/linkedin-pitch-to-greylock/>

Stories, not facts lure investors!

Questions?