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Raising right in Belgium

The glossary

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Glossary

3Fs (Friends, Family, and Fools) : Informal early-stage investors, typically close personal contacts.

APE (ARR Per Employee) : Measures how efficiently a company generates recurring revenue per employee.

ARR (Annual Recurring Revenue) : Predictable yearly revenue from subscriptions or contracts.

Bootstrapping : Building a business using personal savings or revenue, without external funding.

Burn Multiple : Cash burned divided by net new ARR; a measure of capital efficiency.

(Business) Angel : An individual who invests personal capital into early-stage startups, often in exchange for equity.

CAC (Customer Acquisition Cost) : The cost of acquiring a new customer.

Cap Table (Capitalization Table) : A breakdown of ownership stakes and equity dilution.

CLTV (Customer Life Time Value) : The net profit of a customer during the entire relationship.

Convertible Loan : A short-term loan that converts into equity at a future financing round. A simple contract containing:

- **Amount**: The total sum invested by the lender, which will later convert into shares.
- **Conversion Trigger:** The event that activates the conversion (usually the next qualified equity round).
- **Discount**: A percentage reduction on the share price at which the loan converts, rewarding early investors.
- **Cap**: The maximum company valuation at which the loan will convert, protecting the investor from overvaluation.
- **Floor**: The minimum valuation or terms that safeguard the investor in case of a down round or low valuation.

CVC (Corporate Venture Capital) : Startup investments made by large corporations.

Dilution : Reduction in ownership percentage due to new share issuance.

Due Diligence : A deep dive into a startup's financial, legal, and operational health.

EBITDA : Earnings before interest, taxes, depreciation, and amortization.

Equity Financing : Raising capital by selling shares in the company.

Exit : When founders or investors sell their stake, typically via acquisition or IPO.

FOMO (Fear of Missing Out) : Investor urgency created by perceived momentum or scarcity.

IPO (Initial Public Offering) : Offering shares of a private company to the public.

KPI (Key Performance Indicator) : A measurable value tied to business performance.

Liquidation Preference : Determines payout order in a sale or liquidation.

MVP (Minimum Viable Product) : A basic version of a product used to test the market.

MRR (Monthly Recurring Revenue) : Predictable monthly income from subscriptions.

Notarized Conversion : Legal requirement in Belgium for converting convertibles into equity.

Option Pool : Shares reserved for future hires, advisors, or board members.

Post-Money Valuation : Company value after a funding round.

Private Equity (PE) : Investment in mature companies, often for buyouts.

Product-Market Fit : The point at which a startup's product satisfies a strong market demand.

Rule of 40 : SaaS benchmark: growth rate + profit margin ≥ 40%.

Secondary Sale : Sale of existing shares by founders or early investors.

Seed / Series A / Series B : Stages of startup funding, from early to growth.

Term Sheet : A non-binding agreement outlining investment terms.

Traction : Evidence of market validation, such as revenue or user growth.

Valuation Cap : The maximum valuation at which a convertible loan converts.

Venture Capital (VC) : Equity investment in high-growth startups.

Venture Debt : Loans to startups based on revenue, without giving up equity.

VLAIO : Flemish agency offering grants and subsidies to startups.