

ACF Equity Research

Key Messages for:
“Think Like a VC” Meetup
20 March 2018



Accuracy | Clarity | Foresight

ACF Equity Research

“ACF’s client base market capitalization comfortably exceeds USD 400bn”

“ACF selected best-in-class-institutional global research firm by US based OTC Markets”

“ACF selected as a recommended research provider by NEX market”

“ACF selected as preferred research and due diligence provider by GSX Stock Exchange”

“ACF is an informally recommended research and commercial due diligence provider by other larger exchanges”



Accuracy | Clarity | Foresight



The background of the slide is a photograph of a hot air balloon festival. Several colorful balloons are visible in the sky, including a large green and white striped one in the center, a red and white striped one on the left, and a blue and yellow striped one on the right. The balloons are floating over a valley with a large, prominent rock formation in the foreground on the right. The sky is a pale blue, and the overall scene is bright and clear.


“You need to think like a
venture capitalist” – Silicon
Valley Titan, Audrey MacLean

VC Funding Key Themes

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Key Ideas





VC Minds – hate risk

- High risk investments + systemic risk – by definition - many will fail
- VCs take high risk – they need high expected returns – otherwise they fail
- They understand risk and they just don't like it – risk averse
- They work hard to mitigate these risks – you are a part of that risk
- They answer to investors – their livelihoods and lifestyles are on the line
- They consider it healthy that there is a penalty to failure



VC Wants – tick the boxes

Entrepreneurial team

Technical innovation – not 10% better but 10x better

Strategic market insight especially in terms of go-to-market

Sector experience

A leader who has what it takes to become a future CEO

VC Visions – the road map

Introductions – they love referrals from people who have made them money

Patterns – they love patterns and are very good at compare and contrast

Real market opportunity – ideas are common

Disruption - or don't bother

Declining risk - over time

Milestones - targets after which risk is reduced

A world map is visible in the background, rendered in a dark red color that matches the slide's background. The map shows the outlines of continents and some internal borders.

Defeat from Success


What to look out for

A close-up, high-angle shot of a large, metallic gear with a red tint, partially visible at the top of the frame.

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A lush, green forest landscape with mist or fog rising between the trees, creating a serene and atmospheric scene.

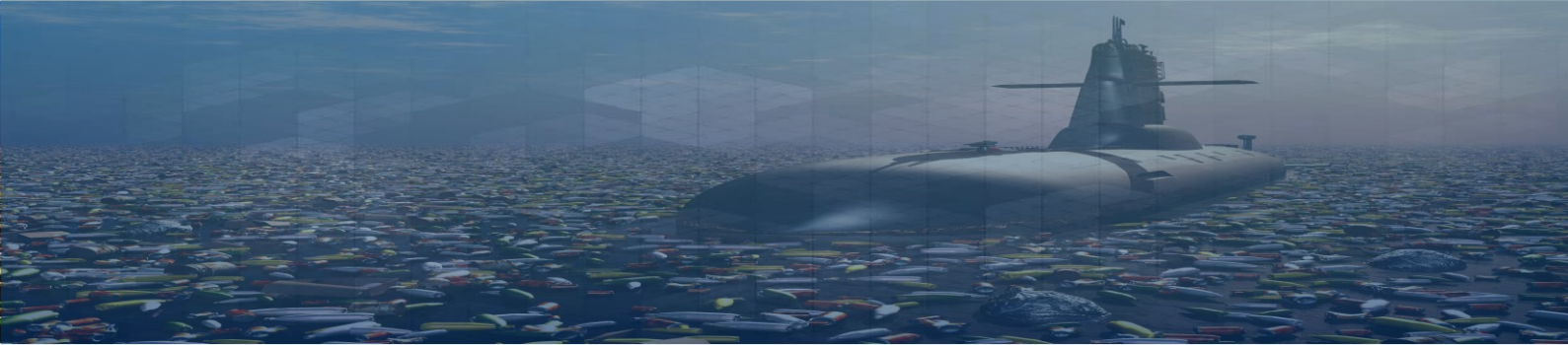
Thoughts

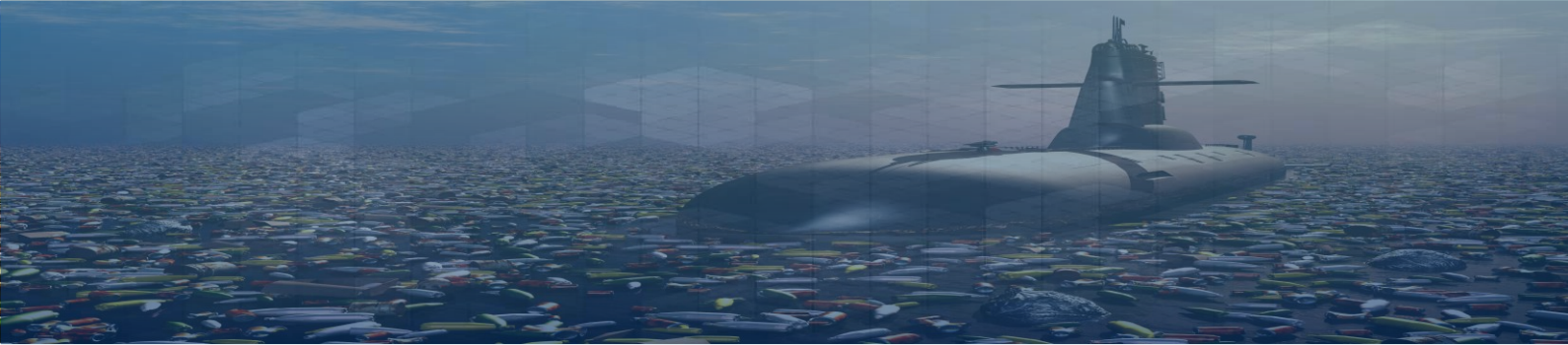
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- Don't come with large investor base already (particularly an inexperienced one)
 - Don't come with multiple revenue streams
 - Don't come with full-ratchet funding agreements – sort this out before

A conceptual image showing a submarine on the surface of a sea completely covered with floating plastic waste, including numerous plastic bottles and bags. The scene is set against a blue sky with light clouds. The image is overlaid with a semi-transparent geometric pattern of hexagons and triangles.

What is under the surface

Risks to control of your idea





- Money mirage is magnetic - Dilution and so loss of control can happen earlier than you want, or the VC will accept
- Heads of terms can torpedo your dreams – choose the right funds with the right time runways
- If the ship hits the hidden rocks - you will likely drown too –use good experienced lawyers and advisors

ICOs / Tokens & Cryptocurrencies

A substitute to VC funding?





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Differences





Fork in the Road

- It's quicker than a VC raise
- You don't get the management support from your new owners
- You may have to pay the funds raised back

1 Final Thought

VC funding is your first professional and institutional funding round. It can be the beginning of your reality, it can be the end of your reality. Get inside your VC's head, and remember - If you deliver professionally, you can always play again.

A world map is visible in the background, rendered in a light red color against a dark red background. The map shows the outlines of the continents and some internal borders.

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