

# ***MCIL 2021***

## ***FS101: Fundraising Strategy***

**William Crowder**  
Early Stage VC  
EIR @ Morgan Stanley

# William Crowder

## Early Stage Investor

William has operated at the intersection of technology, venture capital, and diversity for the last decade. He began that pioneering work with **DreamIt Ventures**, a pre-seed accelerator. William launched and **led nation's first corporate-backed diversity VC fund** at **Comcast Ventures**, 2012-17. Most recently, he has served as Entrepreneur-in-Residence at **Morgan Stanley**, venture partner at **Connectivity Capital**, and founding general partner at **Aperture Venture Capital**. He is a graduate of **Duke University** (MBA) and **NC State University**.

## Track Record

- 80% Black/LatinX founders
- 67% female founders
- >100 investments with diverse founders sourced for corporate investors

## Highlights

- Partpic's first institutional investor (sold to Amazon)
- Early investor in Cuyana (raised record-setting \$30M Series B)
- Seed investor in Landit (raised record-setting \$13M Series A)

## Notable Investments



## Areas of Interest

- Enterprise solutions
- Multicultural consumer/commerce
- Next-gen fintech & digital health

## Recognition

*Named in "Great People Spearheading Change in Tech Investment" by Silicon Republic  
Recognized as an "Inclusive Entrepreneurship Champion" by the Case Foundation*



My Singular Focus...

# **Increase Your Likelihood of Having Fundraising Success**

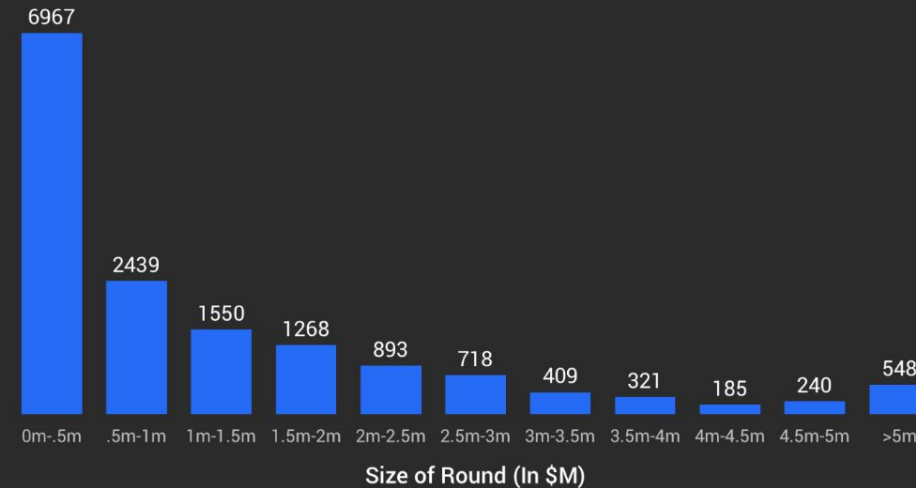
# Fundraising Overview

- **FS101: Fundraising Strategy (W. Crowder)**
  - Understand early stage funding landscape (for multicultural founders)
  - Prepare for the fundraising experience
- **FS201: Behind the VC Curtain (W. Crowder)**
  - Learn how investors think and make decisions
  - Running an effective and efficient fundraising process
- **FS301: How to Structure a Compelling Story (C. Harris)**
  - Clarify your message
  - Telling your company's story

# Despite the hype, the vast majority of seed rounds remains small in terms of capital raised.

## Distribution Of Seed Rounds, By Size, Raised By All U.S. Startups: 2015 - February 2020

Based on data current through late February 2020. Due to known reporting delays in early-stage funding data, Numbers may have changed since publication as more data gets added to Crunchbase.

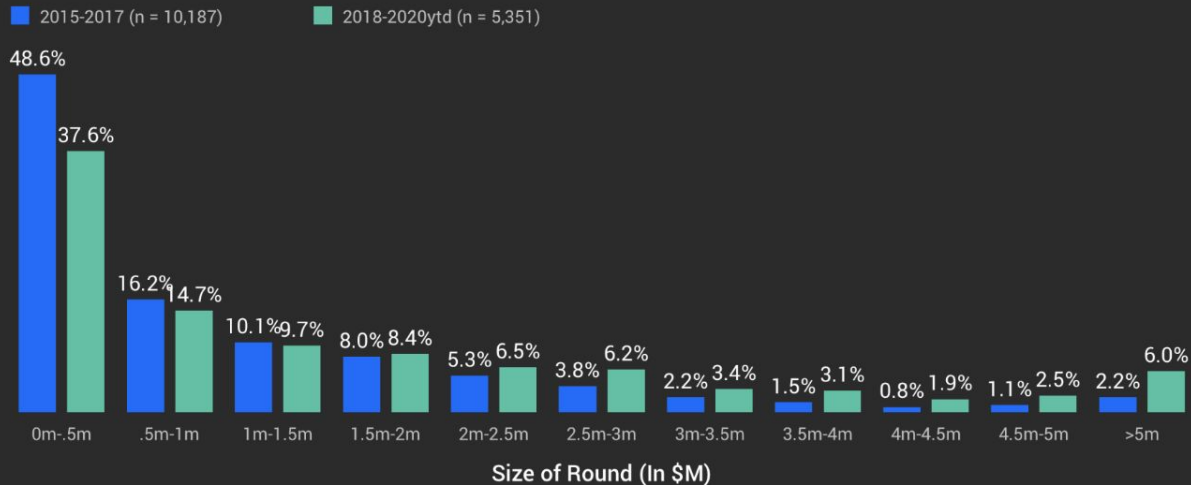


crunchbase news

# However, prior to the pandemic, larger seed rounds were becoming an emerging trend.

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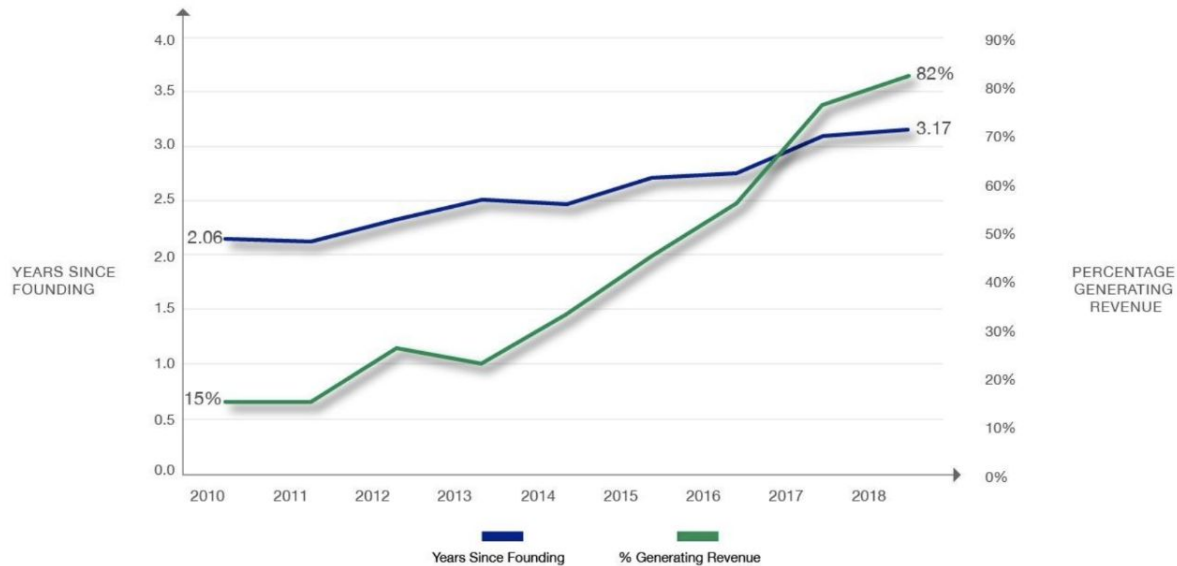
crunchbase news

# Seed stage has been broken apart and raising capital at each step has been normalized.

	Pre-seed	Proper Seed	Seed Extension
<b>Capital Raised</b>	< \$1M	\$2-4M	\$1-3M
<b>Milestones</b>	<ul style="list-style-type: none"><li>• Core team construction</li><li>• MVP development</li><li>• Customer pipeline</li></ul>	<ul style="list-style-type: none"><li>• MVP completion</li><li>• Initial customers (beta/pilots)</li><li>• Revenue generation</li></ul>	<ul style="list-style-type: none"><li>• Product refinement</li><li>• Initial paying customers</li><li>• Growth path defined</li></ul>
<b>Investor Types</b>	Angels, pre-seed specialists, accelerators	Institutional seed funds (Micro VCs), seed programs from Series A+ funds, family offices	Post-seed specialists, subset of institutional seed funds, preemptive moves by Series A+ funds, family offices

Consequently, companies are more mature at Series A than ever before.

### Series A Now Requires Metrics



	2010	2011	2012	2013	2014	2015	2016	2017	2018	Growth Multiple 2010-2018
Years Since Founding	2.06	2.13	2.33	2.52	2.44	2.72	2.76	3.1	3.17	1.47x
Percentage Generating Revenue	15%	15%	26%	23%	33%	45%	56%	76%	82%	5.47x

WING

<http://www.wing.vc>



# Series A investors will have different expectations depending on the type of business you're building.

## Enterprise Software

- Annual Recurring Revenue (ARR)
- Growth & sales momentum
- Repeatable sales process
- Customer retention
- Capital efficiency

## Marketplaces

- Gross Merchandise Value (GMV)
- Take rate
- Marketplace liquidity (transaction volume)

## Consumer Tech

- Total subscribers
- Monthly recurring revenue (MRR)
- Conversion funnel rates
- Revenue growth
- Gross user churn
- Customer LTV / paid CAC

# 2020 dramatically changed with landscape of venture funding for multicultural founders – but no one knows for how long.

- **275:** Number of women-led venture funds
  - 73% founded within last 5 years
  - 2X more likely to invest in startups with one female founder
  - More than 3X more likely to invest in a female CEO
- **80+:** Number of U.S. venture funds led by Black general partner(s)
  - Average fund size = \$50 million

## What this means for you...

- Focus on hitting value-changing milestones
- Execution and speed matter more than ever
- Understand the fundraising dynamics for your industry
- Take time to prepare and prepare for it to take time
- Do not “over-optimize”: best investors  $\geq$  higher valuation

## How much should you raise?

- Ask yourself (and team)
- What do you need the money for?
  - Revenue, customers, team, traction, etc.
- How much time do you need to get there (hope for the best, budget for the worst)?



**18-24  
months**

# Know your worth

- Early on, expect to sell 15-30% at each major funding step
  - What are our plusses and minuses?
  - What do the comps say?
- Understand how previous financings impact upcoming financings
  - How will the notes/SAFEs convert?
  - Has our preference stack changed?
- What is acceptable for you?

# Gearing up: What you'll need

- Templates for email intros and cold outreach
- Intro slides/teaser deck or 1-pager
- Pitch deck (short vs. long)
- **Data Room**
  - Team bios
  - Financial/operating model
  - Market sizing/analysis
  - Product roadmap
  - References (management team & customers)
  - Cap table
  - Financing docs (all notes, equity agreements, etc.)

# Core elements of a seed stage pitch



\*Contents: Competitive landscape, Customer acquisition details, Customer testimonials, Unit economics

# Fundraising tools can make your life easier

- CRM / contact management software
- Document management solution
- Electronic signature technology
- Email marketing solution
- Meeting scheduling toolset





# Ask Me Anything