

New Ventures BC

Alternative Returns and Pitch Tips



SPRING

**We help entrepreneurs,
incubators, accelerators,
and ecosystems to
change the world.**






SPRING
STARTUP SCHOOL

700+
Spring
Alumni



\$18M+
Capital
Raised in 3
years



300+
Companies
Launched
500 supported

Spring's Global Ecosystem Development



Agenda

What are alternative returns?

Why?

Types

Discussion

Traditional Returns

Early Stage investing was driven by tech, angel investors, and VCs

Traditional Returns

- IPO
- M&A

Why? To drive maximum financial return

So what's the problem?

This approach does not support more than 99% of startups and businesses.

So what do we do?



What are alternative returns?

Approaches to financing that will allow investors to receive a fair return in companies that will likely not exit or IPO

Types

- Green Bonds
- Dividends
- Crowdfunding
- Loans
- Equity Crowdfunding
- Revenue Back Financing
 - Revenue backed Loans
 - Redeemable Shares
- ICO

Green Bonds

- Born out of climate and energy projects
- Tend to be designed for hardware initiatives
 - Investors like to know the security
- Specific projects, specific durations
 - Principal + interest or a set return multiple
- Can be set up as loans (term or revenue)

Dividends

- The oldest form
- Pros
 - For those loyal to the cause
 - For a business designed to go on forever
- Challenges:
 - No timeline
 - No sense of how much return
 - No security

Private Offerings

- What is it?
 - Private investors sell to other investors
- Pros
 - No need to exit
 - No further dilution
- Challenges:
 - Costly to set, and debate, value
 - Illiquid market
 - Signal it sends

Crowdfunding

- Pros
 - Ideal for product based businesses and causes
 - Pre-loads customers
 - Return is set in the Thank Yous
 - No dilution
- Challenges:
 - Only applies to a subset of companies
 - Pre-launch only
 - Dumb money

Loans

- Pros
 - Ideal prelaunch (small amounts)
 - Ideal post profitability (scale)
 - Terms are known
 - No dilution
- Challenges:
 - Only applies at certain points
 - Security and collateral
 - Risk on the business (term)
 - Dumb money?

Equity Crowdfunding

- What is it?
 - Selling equity to anyone (Accredited or non-accredited)
- Pros
 - Ideal for product based businesses and causes
 - Motivates customers - evangelists
 - Can be less dilution
- Challenges:
 - Only applies to a subset of companies
 - Full-time job
 - “Messy cap table” - the signal
 - Post Launch only?
 - Dumb money

Revenue Backed Financing

Newest approach

- Taking in money that tries to balance risks and challenges in other forms

Revenue Backed Loans

What is it?

- Loans with the return tied to revenue
- May or may not have a term
- Could be gross or net revenue

Pros

- Not term - you pay as you grow
- No dilution

Cons

- Need to be in revenue (often \$500K+)
- Balance sheet needs to be clean
- Dumb money?

Redeemable Shares

What is it?

- Equity that is repurchased over time through revenue
- Can repurchase part or all of the equity

Pros

- Managed dilution
- Set return (multiple)
- Can be earlier stage

Cons

- Relatively new still
- Debate about returns and multiples
- Not debt?

Initial Coin Offerings

What is it?

Essentially selling bitcoin investment as a replacement for shares

Pros

- Can sell to anyone
- Unlimited raising potential

Cons

- It's new
- Regulatory questions
- Reputation questions
- Dumb Money

Purpose of the first pitch

- Whet their appetite
- Don't answer all questions
- Don't try to close in first pitch

We start by working backwards

1. What am I trying to tell them?
2. What are the key points?
3. What supporting points help tell the story?

Your audience

Your audience

- Who are they?
- Investing history?
- Passions - context?



Storytelling



A good story is often an Origin Story

Why are you doing this?

- Based on a personal pain?
- Someone you know?

Relatable (Pain vs. Pleasure)

From a user/customers perspective

Storytelling

KEEP IT SIMPLE

OUR STORY

THE MARKET

NADA.

PRESS

CONTACT

JUST FOOD

AT NADA, WE'RE JUST FOOD.

NO PACKAGING

AND NO FUNNY INGREDIENTS YOU CAN'T PRONOUNCE.

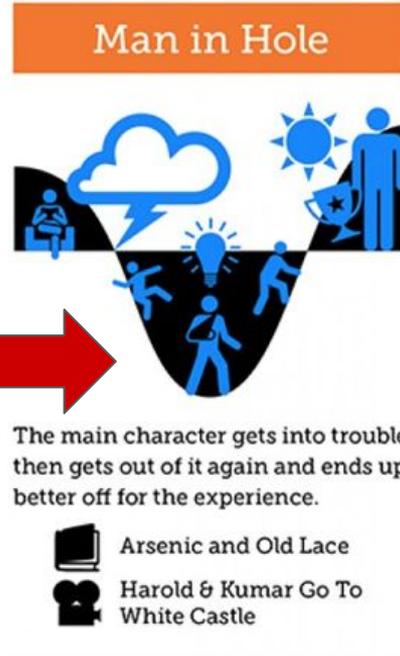
Crafting a story: Man in Hole

1. Character: the customer
2. The Hole: the ONE problem to solve
3. The end: how you help them get out



Man in Hole - how do you get it right?

**Start in the hole
(the problem)**



The foundation of the deck - 6 slides

1. What problem are you solving & how big?
2. How do you solve that problem?
3. How are you different from the competition?
4. How do you make money?
5. How amazing is the team?
6. Ask



Connect With Us



Spring Activator



@Spring_is



Spring Activator



@SpringActivator



www.spring.is



help@spring.is