

Webinar series

# Specifying your round

We'll start at 10:05 / EEST.

Meanwhile, feel free to introduce yourselves in the chat and tell us in the chat what has gotten you **stuck** in specifying **Fundraising round**?

Mar 21  
10:00

**What makes a fundable startup?**

Apr 4  
10:00

**Specifying your round**

Apr 11  
10:00

**Preparing the materials**

Apr 18  
10:00

**Running the raise**

Apr 25  
10:00

**What to do after you've raised**

Tell us in the chat what has  
gotten you **stuck** in specifying a  
**Fundraising round?**

# Today's agenda

- Raising in stages
  - What you need to achieve in different rounds
- How much to raise
- VC's, angels or accelerators?
- Convertible loan, SAFE or Equity?
- When to raise?
- QA

Webinar series

# Specifying your round



Mar 21  
10:00

**What makes a fundable startup?**



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**Running the raise**



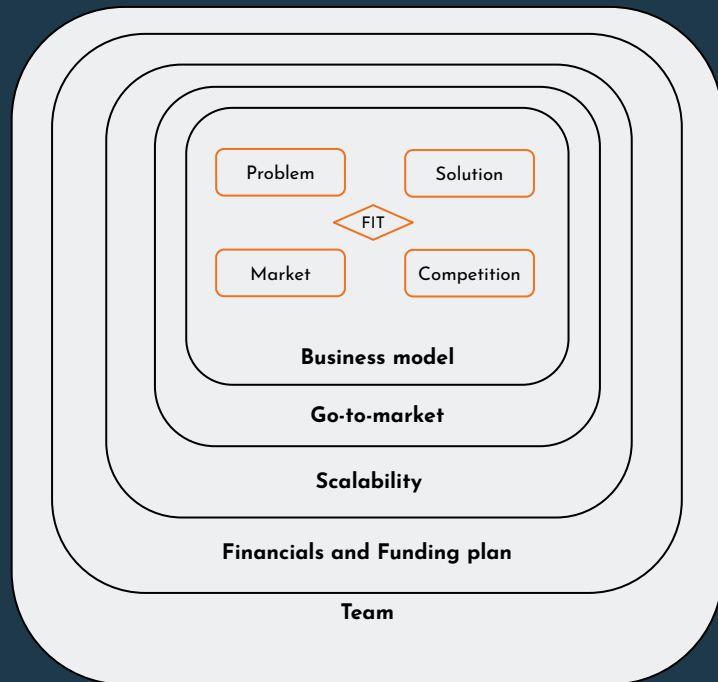
Apr 25  
10:00

**What to do after you've raised**

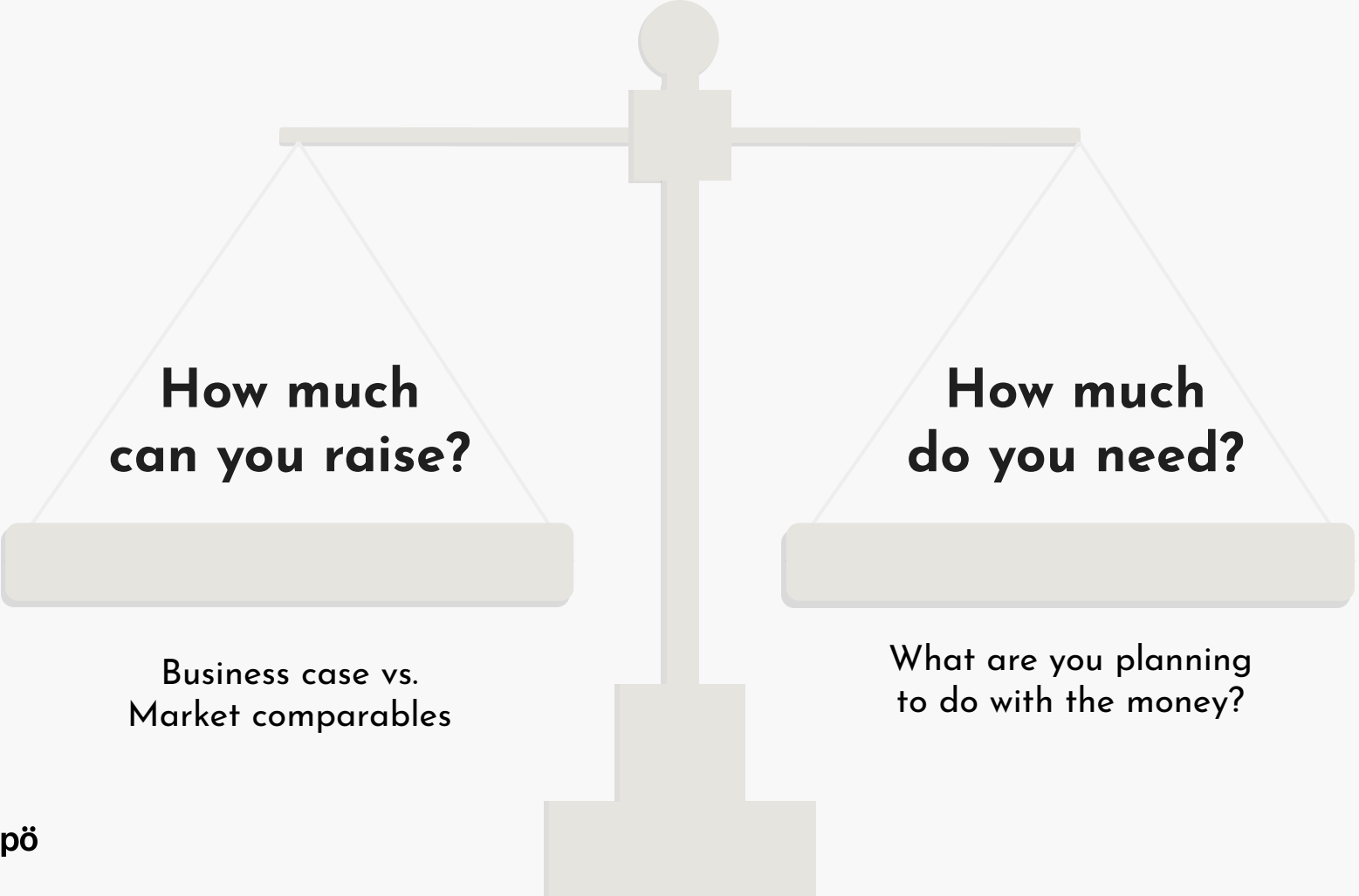
# Recap from previous session

- Fundraising is a sales process
- If your startup is not fundable, there is no reason to enter the fundraising process.

[!\[\]\(2e897e890e69d81eae4503a8342c36b0\_img.jpg\) Previous webinar recording](#)



# How to **specify** your **round terms?**



**How much  
can you raise?**

Business case vs.  
Market comparables

**How much  
do you need?**

What are you planning  
to do with the money?

**Spend wisely.**  
**In stages.**



# Average round sizes per stage

## Pre-seed

€50K -> €1M

## Seed

€250K -> €4M

## Series A

€2M -> €20M

## Series B

€15M -> €40M

## Series C

€30M -> 150M

Note: DeepTech, Pharma etc. can vary hugely.

What do you to need  
achieve with money?

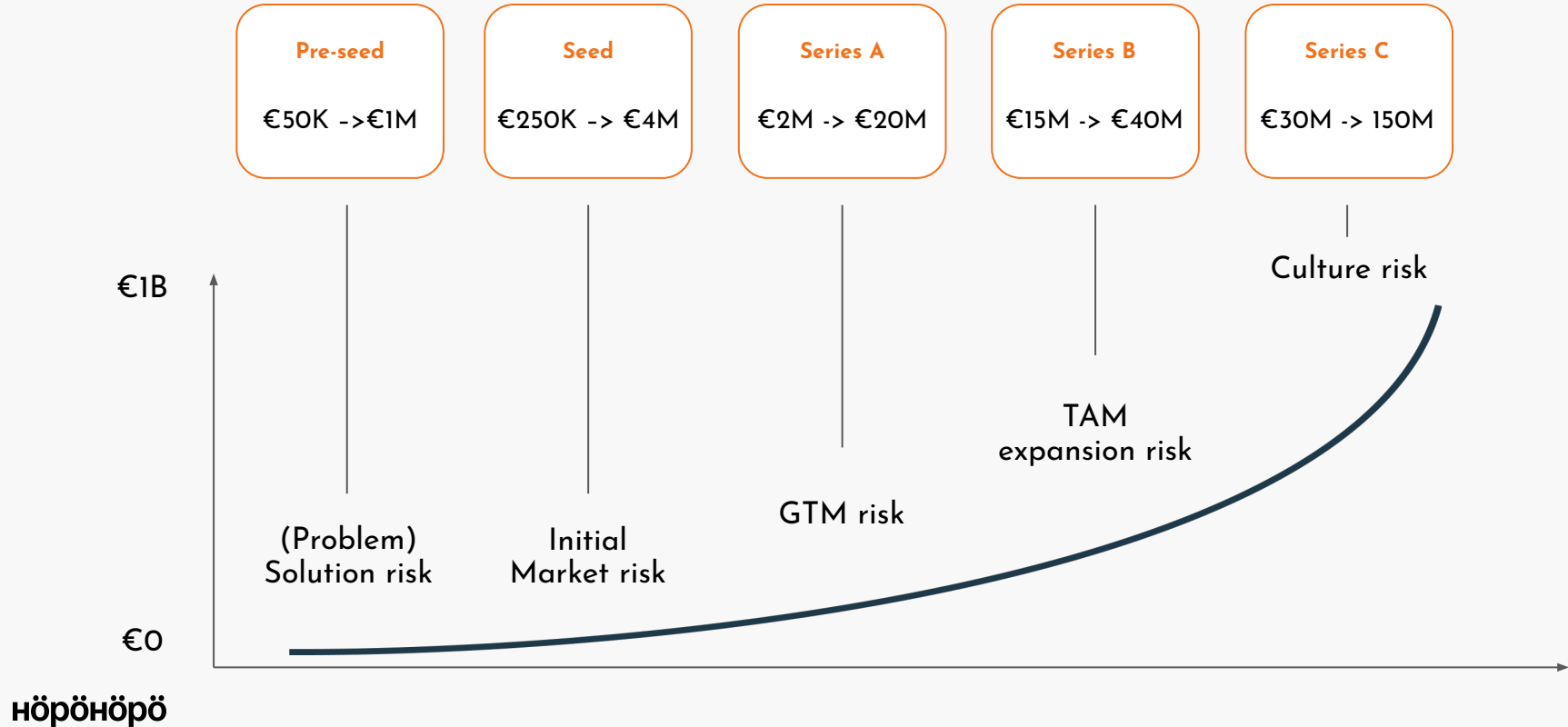
Startups is all about  
**derisking** the **business**

# Derisking the business in steps





# Derisking the business in steps



**Pre-seed**

**(Problem)  
Solution risk**

**Seed**

**Market risk**

**Series A**

**GTM risk**

**Series B**

**TAM expansion risk**

**Series C**

**Culture risk**

**Pre-seed**

**(Problem) Solution risk**



# Pre-seed

**(Problem) Solution risk**

## Pre-seed

**(Problem) Solution risk**

Input: **CORE hypothesis**



Is the problem worth solving?

Can we solve the problem?

Do we as founders see a feasible path to continue?

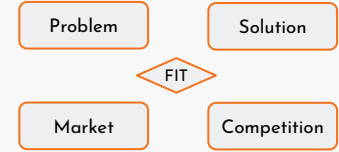


Validated output:

**Problem-solution fit**

+

**Customer requirements to scale**



## Pre-seed

(Problem) Solution risk

Input:  
**CORE hypothesis**

Is the problem worth solving?

Can we solve the problem?

Do we as founders see a  
feasible path to continue?

Validated output:  
**Problem-solution fit**

## Seed Market risk

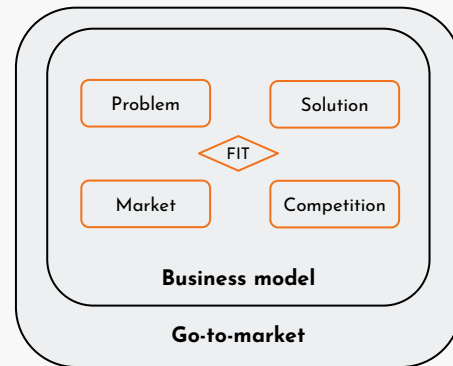
Validated input: **P/S fit**  
Hypothesis: **Initial GTM model**



Can we productise the MVP?  
Can we see reasonable unit economics?  
What growth model seems to work?



Validated output:  
**Initial Product/Market fit**



## Pre-seed

Solution risk

Input:  
Hypothesis

Is it worth solving?  
Is it the problem?  
Do founders see a path to continue?

Validated output:  
Solution fit

## Seed

Initial Market risk

Input:  
P/S Fit  
GTM model hypothesis

Can we productise the MVP?  
Can we see reasonable unit economics?  
What growth model seems to work?

Validated output:  
Product/Market fit

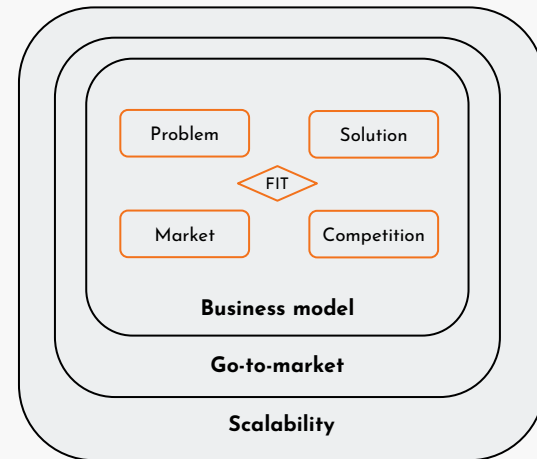
## Series A

GTM risk

Validated input: P/M fit  
Hypothesis: Repeatable GTM

Can we repeat the GTM model?  
Can we beat the competition?  
Can the company stand without the founders?

Validated output:  
GTM fit



## Pre-seed

(Problem) Solution risk

Input:  
**CORE hypothesis**

Is the problem worth solving?

Can we solve the problem?

Do we as founders see a  
feasible path to continue?

Validated output:  
**Problem/Solution fit**

## Seed

Initial Market risk

Input:  
**P/S Fit  
GTM model hypothesis**

Can we productise the MVP?

Can we see reasonable  
unit economics?

What growth model seems  
to work?

Validated output:  
**Product/Market fit**

## Series A

GTM risk

Input:  
**PMF  
Repeatable GTM  
hypothesis**

Can we repeat the GTM model?

Can we beat the  
competition?

Can the company stand  
without the founders?

Validated output:  
**GTM Fit**

## Series B

TAM expansion risk

Validated input: **GTM Fit**  
Hypothesis: **TAM & operations**



Can we continue to scale?  
Can we keep attracting enough talent?



Validated output:  
**Scale-market fit**

## Seed

Initial Market risk

Input:  
**P/S Fit**  
GTM model hypothesis

Can we productise the MVP?

Can we see reasonable unit economics?

What growth model seems to work?

Validated output:  
**Product/Market fit**

## Series A

GTM risk

Input:  
**PMF**  
Repeatable GTM hypothesis

Can we repeat the GTM model?

Can we beat the competition?

Can the company stand without the founders?

Validated output:  
**GTM Fit**

## Series B

TAM expansion risk

Input:  
**GTM Fit**  
TAM & Operations hypothesis

Can we continue to scale?

Can we keep attracting enough talent?

Validated output:  
**Scale-market fit**

## Series C

Culture risk

Validated input: **Scale-market fit**  
Hypothesis: **TAM & Leadership**



Can we continue to scale?

Can we maintain / evolve company culture to fit scale?



Validated output:  
**Public market fit**

## Pre-seed

**(Problem) Solution risk**

Input:  
**CORE hypothesis**

Is the problem worth solving?

Can we solve the problem?

Do we as founders see a feasible path to continue?

Validated output:  
**Problem-solution fit**

## Seed

**Initial Market risk**

Input:  
**P/S Fit  
GTM model hypothesis**

Can we deliver it in small scale?

Can we see reasonable unit economics?

What growth model seems to work?

Validated output:  
**Product-Market fit**

## Series A

**GTM risk**

Input:  
**PMF  
Repeatable GTM hypothesis**

How can we scale?

Can we beat the competition?

Can the company stand without the founders?

Validated output:  
**GTM Fit**

## Series B

**TAM expansion risk**

Input:  
**GTM Fit  
TAM & Operations hypothesis**

Can we continue to scale?

Can we keep attracting enough talent?

Validated output:  
**Scale-market fit**

## Series C

**Culture risk**

Input:  
**Scale-market fit  
TAM & leadership hypothesis**

Can we continue to scale?

Can we maintain / evolve the company culture to fit scale?

Validated output:  
**Public-market fit**



**Repeatable questions after each stage:**

Are we on the VC track?

Should we continue trying to grow this?

Should we try to make it profitable instead?

Should we do something else?



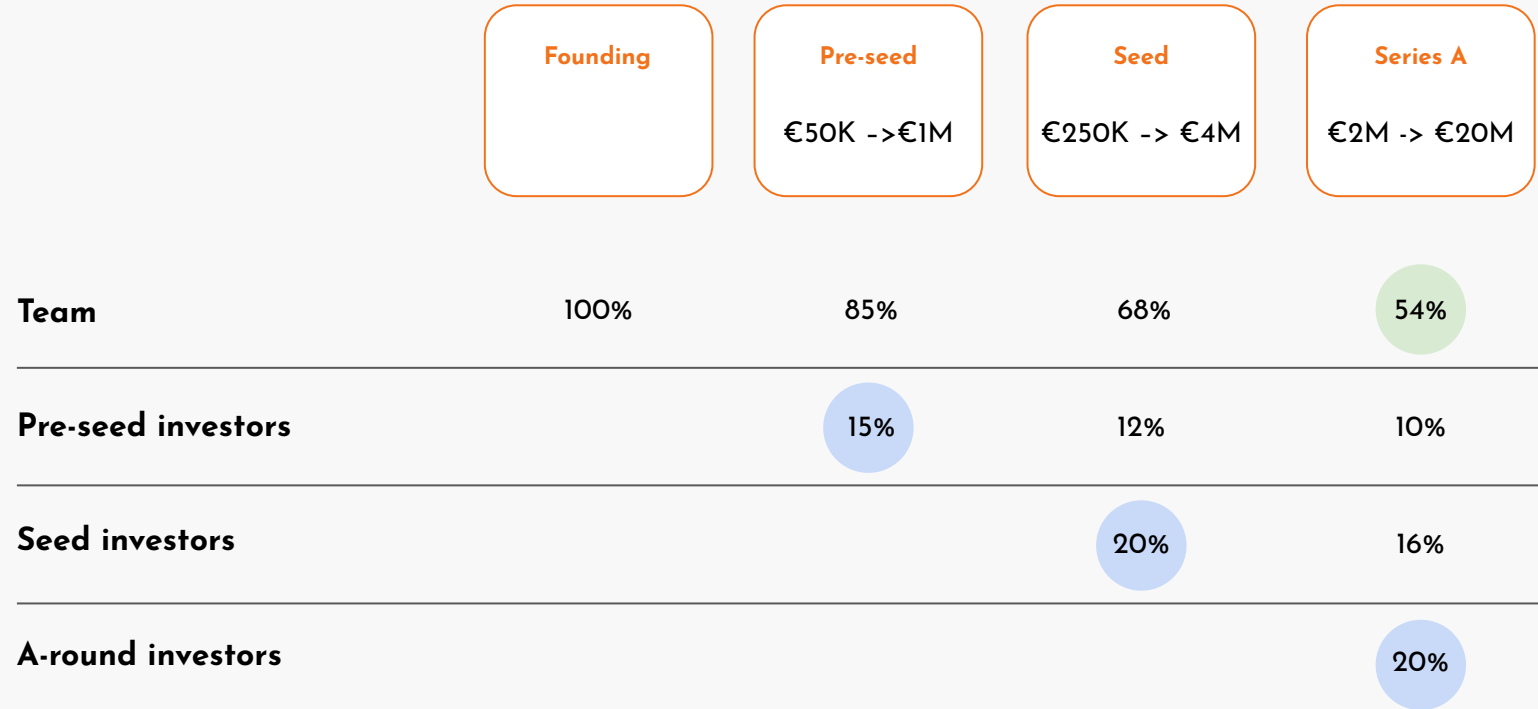
Startups is all about derisking the business.

**To become a plain boring  
company someday.**

# Valuation and dilution?

# Rule of thumbs

- Founders / team should have >50% of shares post A-round
- Expect to dilute 10-20% per round



# Key take aways:

- Define your action plan to validate the key hypothesis
- Build your financial model around the assumptions
- Sanity-check that your ask is in the ballpark of market's average rounds

Now we know **how much you need** and **what are doing** with it.

And it's in the **ballpark of market's** round sizes.

# Different investor types

## Angel

## Venture Capitalist (VC)

## Accelerator

<b>Type of Investment</b>	Personal funds	Managed funds from limited partners	Combination of small seed investment and support services
<b>Stage of Investment</b>	Early-stage, often pre-revenue	Usually post-revenue, early to growth stage	Very early stage, often idea or prototype stage
<b>Investment Size</b>	Smaller amounts, typically under \$10-100k	Larger amounts, often \$1M to \$10M or more	Relatively small, usually \$25K to \$150K
<b>Decision-making Speed</b>	Fast, as individuals make decisions	Slower, due to formal due diligence processes	Fast, as part of scheduled program cycles
<b>Support Offered</b>	Often provide mentorship and industry connections	Provide capital, strategic guidance, and industry connections	Provide mentorship, office space, and operational support during the program
<b>Equity Requirement</b>	Usually takes equity, percentage varies	Typically takes equity, often 10-30%	Takes equity, often in the range of 5-10%
<b>Involvement Level</b>	Can be hands-on or hands-off, depending on the angel	Usually active, seeking board positions	Very hands-on during the program, less after
<b>Goal</b>	Early exit or long-term growth	Significant return on investment through growth or acquisition	Propel startups to next funding round or to be self-sustaining
<b>Risk Tolerance</b>	High, often invests in personal connections or areas of interest	High, but managed through diversified portfolio	High, but mitigated by investing small amounts in many startups



# Practicalities of defining investment options

Raising 500k from Angels  
investing 10k€ tickets?

→ **50 angels**

Discuss even 1h per  
angel → **50h**

Convert 10% of angels you  
contact → **500 angels**

Looking for €100K tickets from angels?

Angel investing should be max 10% of their net worth to startups. And at least to 10 startups.

→ **€1M**

With follow-ons  
→ **€3M**

Net worth north or €30M  
→ **Not that many...**

Accelerators can be a good option considering  
time spent vs. angels...

# Different funding instruments

# Funding instruments

## Equity

You sell shares of the company

## Convertible loan

Investor loans money and can exchange the loan amount to equity in future rounds.

## SAFE

The simplest, but often too simple for investors preference.

	Equity / preferred stock	Convertible note	SAFE
Investor protection	high	high	low
Investor rights	high	various	basic
Interest	maybe	yes	maybe
Valuation cap	n/a	maybe	maybe
Discounts	n/a	maybe	basic
Maturity date	n/a	yes	basic
Requires assessment of company value	high	various	basic
Fees (legal and third party)	high	various	basic
Negotiations	high	various	basic

	Equity / preferred stock	Convertible note	SAFE
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# When to raise?

- Plan at least **6 months runway**.
- The bigger the round is and the less experience you have, the longer it will mostly likely take.








# Q&A

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# Need help on specifying the round?

## 1. List of Europe's Acceleration Programs

Name	Country	First ticket size	Start	End	Application
 <b>ESA BIC Denmark Accelerator</b>	Denmark	€50,000	28/03/2024	13/09/2024	<a href="#">Apply</a>
 <b>Tenity Nordics Pre-Seed Incubator</b>	Estonia	€50,000	01/08/2024	31/12/2024	<a href="#">Apply</a>
 <b>6AM Accelerator</b>	Norway	\$60,000	01/08/2024	31/12/2024	<a href="#">Apply</a>
 <b>Antler</b>	Sweden	-	01/08/2024	31/12/2024	<a href="#">Apply</a>
 <b>Rockstart Emerging Tech</b>	Netherlands	-	01/03/2024	-	<a href="#">Apply</a>
 <b>Tech for Good by Bethnal Green Ventures</b>	United Kingdom	£60,000	01/09/2024	30/11/2024	<a href="#">Apply</a>
 <b>Founders Foundation</b>	Germany	-	01/08/2024	31/12/2024	<a href="#">Apply</a>

1 2 3 4 ...



# Need help on specifying the round?

- We do have **bandwidth for 2 assignments** atm
- We are also building a large vetted partner network from IPR, Legal, Financial services etc.

We'll send a form to mark your interest in the follow-up email for this webinar.



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**What to do after  
you've raised**

To receive webinar reminders and recordings, make sure to register at

[www.hopohopo.io/fundraising-essentials](http://www.hopohopo.io/fundraising-essentials)

**NEXT WEBINAR**

**Preparing  
the materials**

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Thank you!

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