

Understanding our investors: from business angels to venture capitalists

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CAPTAIN ROALD AMUNDSEN

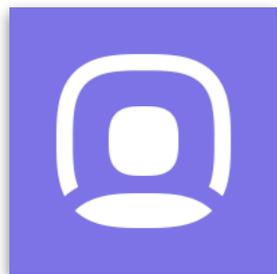
SIR ERNEST H. SHACKLETON.

REAR ADMIRAL ROBERT E. PEARY.

"THE THREE POLAR STARS"

BELLEVUE STRATFORD. JAN. 16. 1913.
PHILADELPHIA.

Hello! I'm Jordi Romero



Factorial

Founder and CEO

HR Software & Benefits platform. 600k € raised. 5,000 companies. 18 employees.



itnig

Founder and Board member

Venture Builder. 6 active start-ups.



Camaloon

Board member

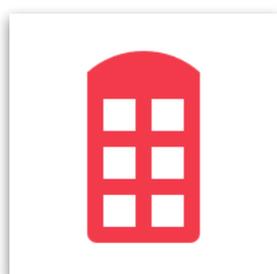
Promotional printed products e-commerce. 1M € raised. Growing & profitable. 100 empl.



Quipu

Board member

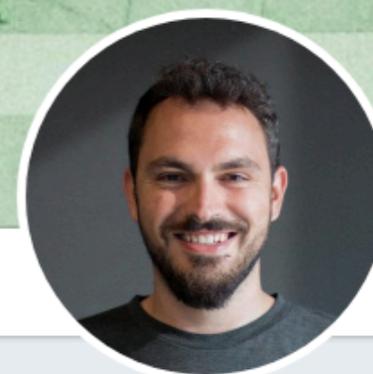
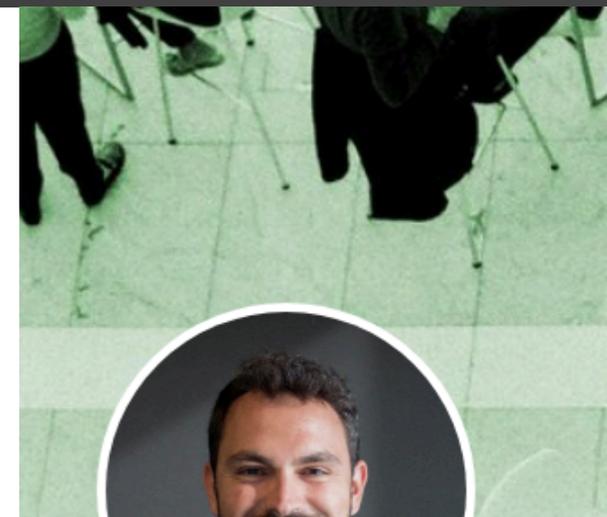
Online Invoicing Software. 1M € raised. 3,000 paying customers. 16 employees.



Redbooth

CTO 2010-2012, VP Business Development 2013-2016

Project Management Software. \$25M raised. Merged in 2017.



Jordi Romero

@jordiromero

Founder @FactorialHR – HR Software.
Previously @RedboothHQ. Partner
@itnig. #SaaS #Startup enthusiast. CS
Engineer. Likes climbing, sailing & yoga.

📍 Barcelona

🌐 factorialhr.com

📅 Joined March 2008



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© They failed to accomplish their objective, but became an epic feat of endurance

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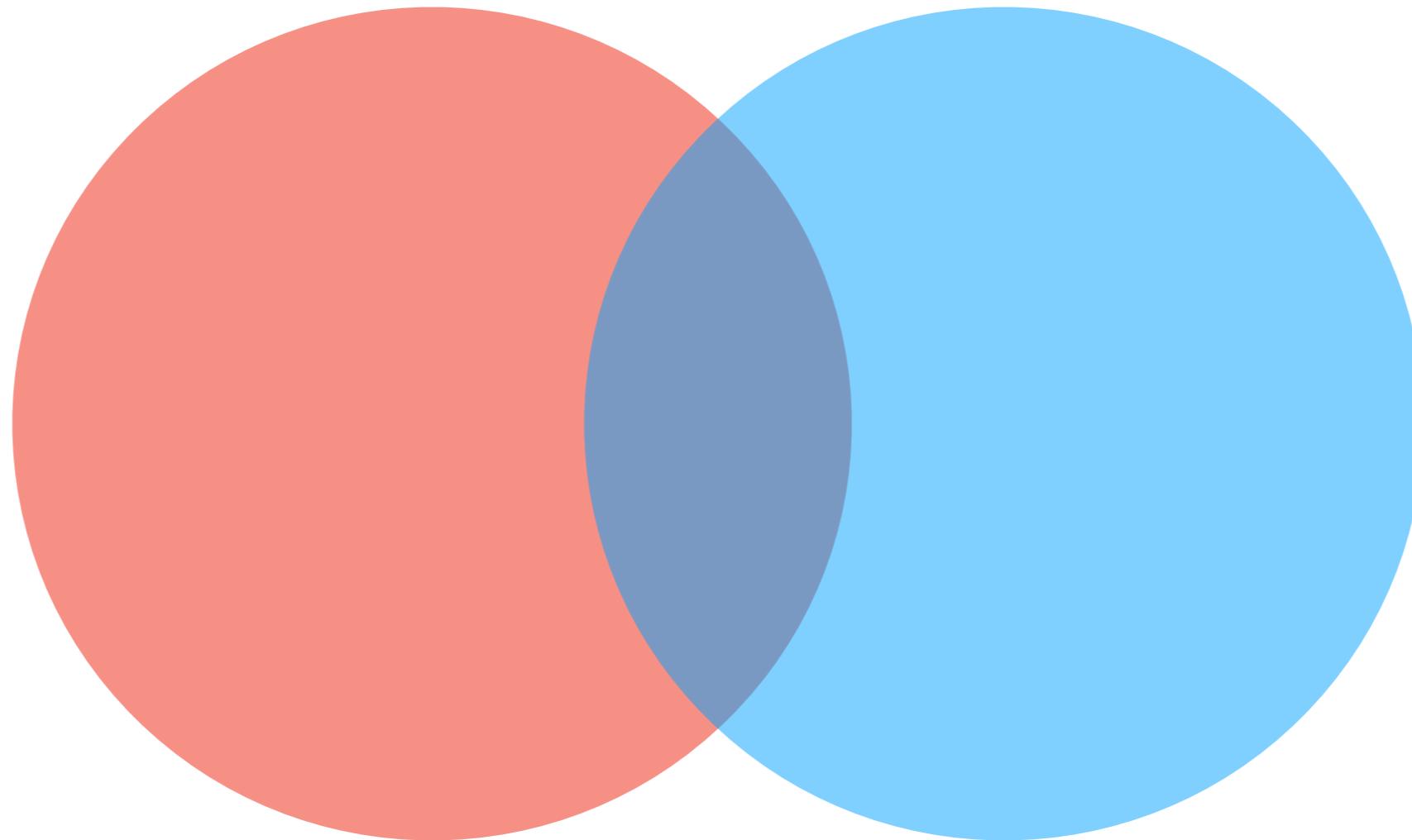
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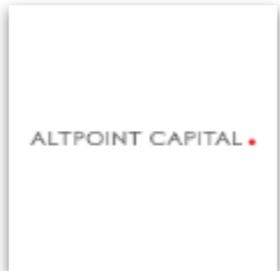
Why investors?



**Company that
wants investors**

**Company that
investors want**

Understanding investors



Friends, Family & Fools

From the wealthy uncle to the (financially) successful friend, there's sometimes the opportunity to take money from a friend, relative or fool when raising money. This is the easiest money to raise (if you have access to this kind of people) but it definitely comes with a heavy burden: you'll do whatever it takes to avoid losing their money. They are trusting *you* with their savings, not analyzing a business opportunity and investing like a professional.

- Did they do other “angel” investments? How much were they? How is it going?
- Are they able to lose this money? Will they *ever* need it back?
- Do they have at least 5x this amount of money in liquid assets?

Business Angels

Business owners, executives or entrepreneurs with enough cash to invest in risky ventures such as early stage companies. In most cases they will only invest in businesses related to their area of expertise, such as their industry or with relatable go-to-market strategies. Their connections and expertise are extremely valuable.

- Learn about their career, how did they become successful.
- Did they invest in other businesses? Did they do follow-on investments?
- Do they know any VCs? Can they help raise the next round?

Family Offices

Family offices tend to have more money than they can manage. There's a thin line between professional asset management and amateur investment. They are especially interesting when they have *deep pockets* and can help in the future when the company needs more resources but isn't ready for an outside round.

- Not necessarily smart money, so reference checks are a must.
- How much of their assets are in similar stage companies?
- Really, ask about the depth of their pockets. You'll be surprised.

Venture Capital Funds

Venture Capitalists are managers that invest the money from other people and institutions aggressively to beat the market. From a single investment perspective, VC's look like crazy gamblers placing all or nothing bets. From their limited partners perspective, they are an opportunity to generate 10–20% annual returns by picking companies with growth potential.

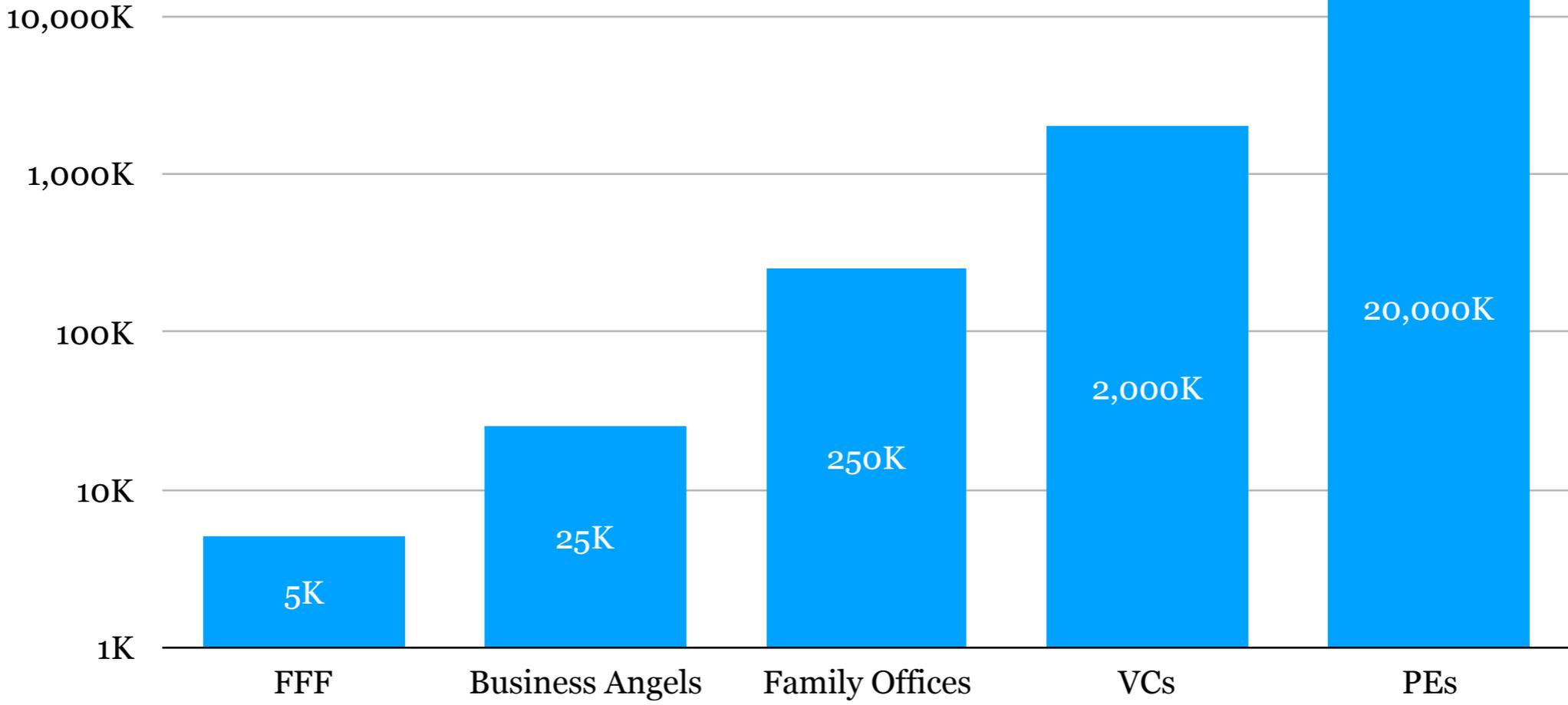
- What's the lifecycle of the VC?
- How big is the fund? How much money is left to invest in new companies?
- What's the VC's role? Founding Partner? General Partner? Managing Partner? Principal? Associate? Analyst? EIR?
- What other companies in the space are they talking to?

Private Equity Firms

Like VCs, but instead of high risk – high reward investments in a diversified portfolio, they look for “cash cows” or businesses that consistently produce profits or that have a clear liquid market for a future sale. PE firms typically look for a controlling stake of the company and tend to be involved in the operations of the business.

- I haven't had any Private Equity firms in companies where I'm involved, so I wouldn't know what to ask them...

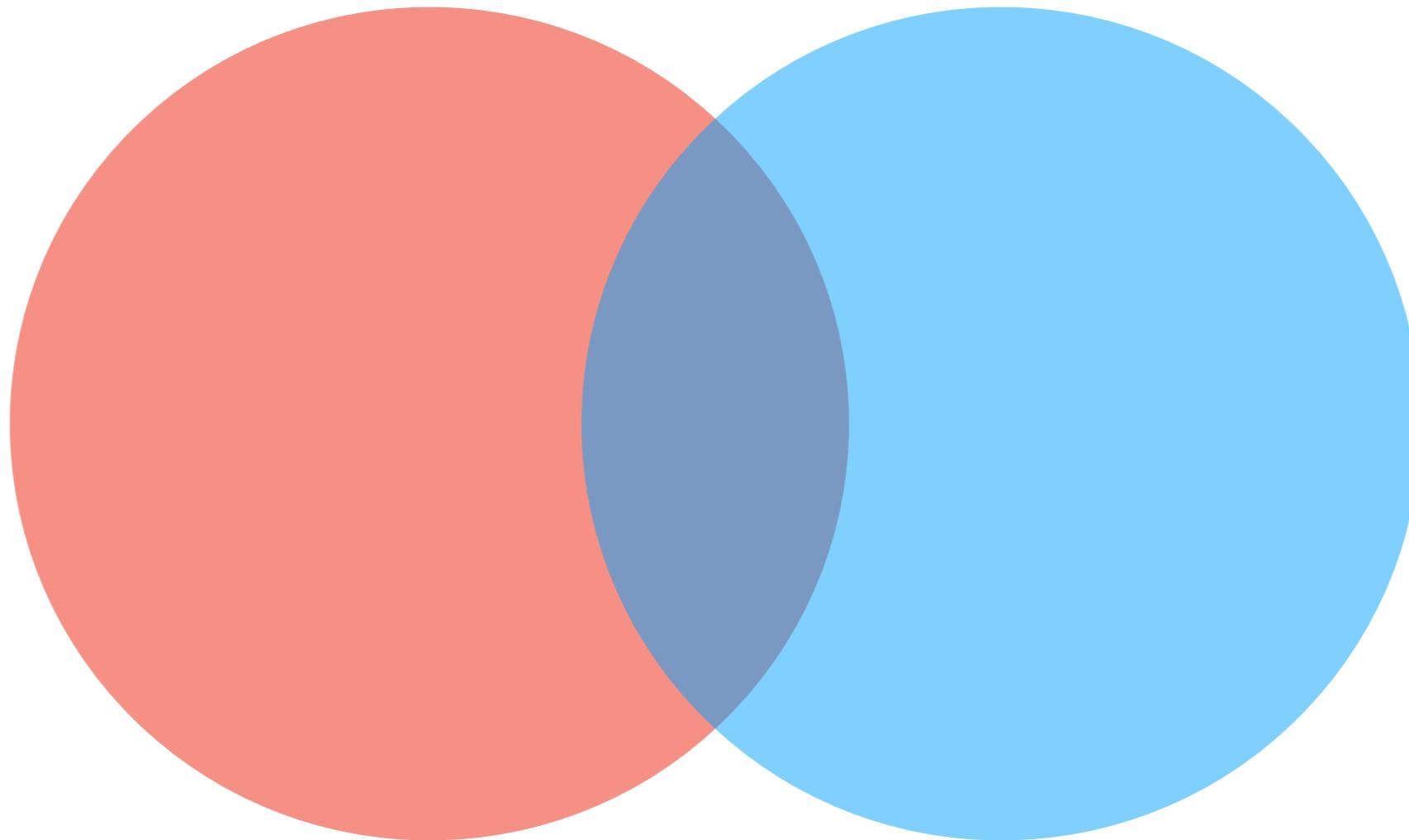
Recap: Typical investment size



Recap: Understanding our investors

	Source of funds	Motivation	Round	Typical investment
FFF	Personal savings	?	Founding	5k
Business Angels	1M assets / 200k income	Growth	Angel / Seed rounds	25k
Family Offices	Family fortune	Diversification	Seed / Series A	250k
Venture Capital	Institutional investors, Large Family Offices, Corporations	Home run (10x - 100x)	Series A, B, C, ...	2M
Private Equity	Same as VCs	High yield (2x)	Series D, ..., Pre IPO	20M

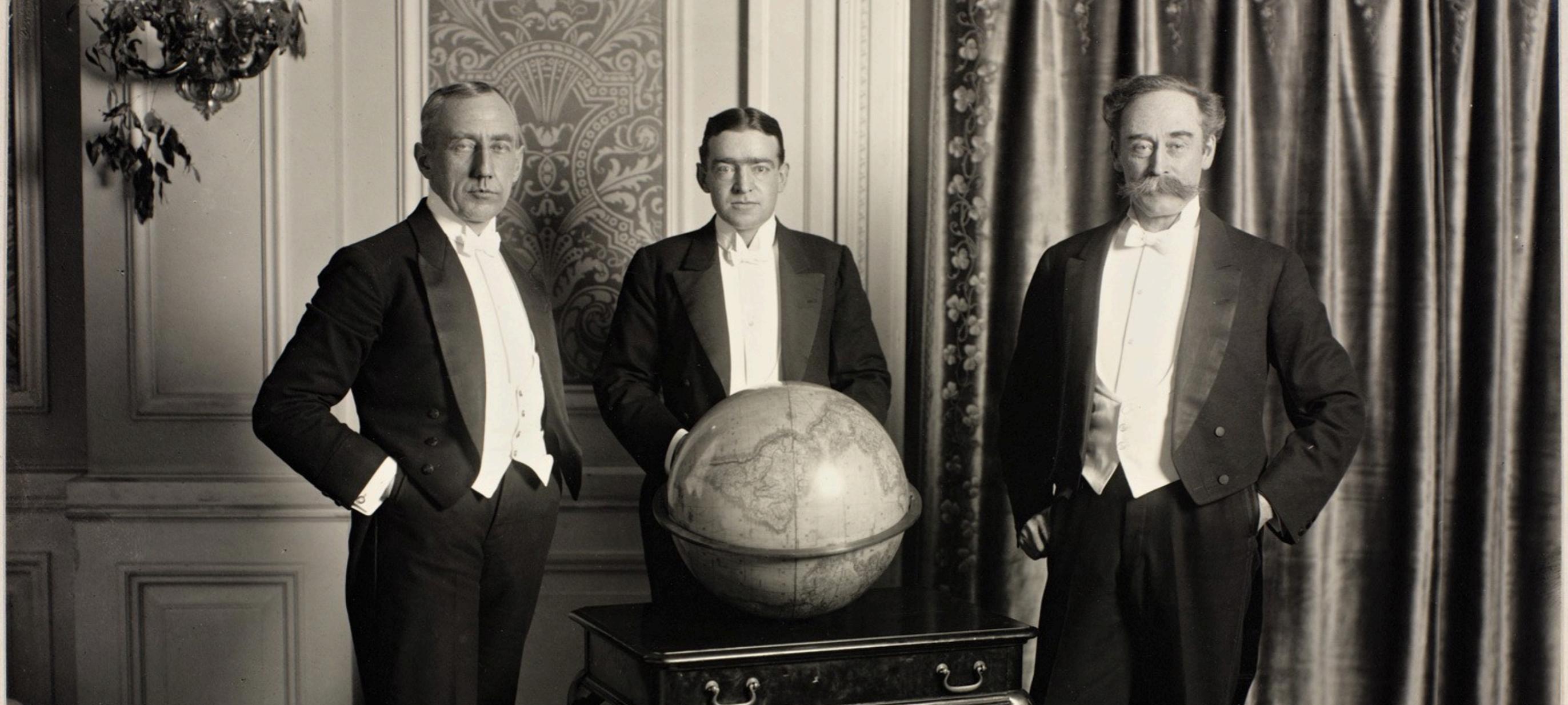
Remember...



**Company that
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*Raising money from investors is not a success,
but it's not a failure either. It's an important
and sometimes necessary milestone.*



Thank you! Let's stay in touch:
twitter.com/jordiromero

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