

SERIES A



TOD LOOFBOURROW
CHAIRMAN & CEO
 VIRAL GAINS



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 VIRAL GAINS

Serial Entrepreneur
Digital Fellow, MIT Sloan



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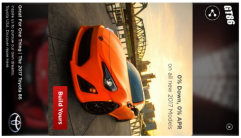
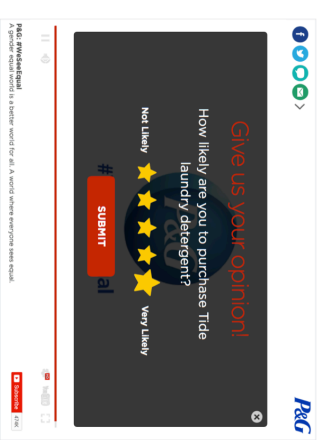



PeopleFluent®
\$150 Million


iRobot®
\$1 Billion

 VIRAL GAINS

CONSUMER VIDEO AD JOURNEY PLATFORM





- Convertible note
- Angel round
- Convertible note
- Series A
- Series B (Dec 2017)



- Research Grants and VC
- IPO and Secondary
- Public Company



- Series A, B, C, D
- Sale

Five Questions about You

What Do You Most Want to Know?

5 Slides on Series A Fundraising

Series A Deal Terms to Avoid

Anything Which Didn't Get Addressed

Key Learnings or Takeaways

TOD'S NOT SO TOP SECRET TOP 5 CAPITAL RAISING PRIORITIES IN ORDER

Tod Loofbourrow



TOD'S TOP 5 CAPITAL RAISING PRIORITIES IN ORDER



- ✓ The Individual Who Will Be On Your Board
- ✓ The Firm's Understanding of your Space
- ✓ Alignment of Management and Investor's Interests
- ✓ Reference calls to CEOs *that person* has invested in
- ✓ The Specific Fund You Are In

TOD'S TOP 5 CAPITAL RAISING PRIORITIES IN ORDER



The Individual Who Will Be On Your Board
The no jerks rule, their position within their partnership

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The Firm's Understanding of your Space
Translates to long term value & support; Avoids wasted time

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Alignment of Management and Investor's Interests
Deal and governance terms, NOT valuation, matter more

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Reference calls to CEOs *that person* has invested in
How are they in tough times, would you choose next time?

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The Specific Fund You Are In
Avoid Series A late in fund; Are other winners in fund?

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DEAL TERMS

The seminal parts of a term sheet fall into one of two categories:

1. **Financial Terms** - valuation, liquidation preferences, pro rata rights, anti-dilution measures.
2. **Control Terms** - board seats, rights of first refusal for both financings, and acquisitions.

THINGS TO AVOID

Tranched rounds / milestone-based financing

More than 1 board seat per investor (observers)

Ability to force a sale by a defined date

Treatment favoring one investor over all others (single class)

Right of first refusal on future financings

THINGS TO AVOID

Right of first refusal on future M&A (strategics)

Warrants

Participating Preferred

Liquidation Preference > 1.0X

Full ratchet anti-dilution

Super prorata rights

WHAT'S YOUR MOST CHALLENGING FUNDRAISING STORY?

WHAT FIRST TIME CEO'S THINK THEY HAVE TO BE

The Smartest Guy in the Room

The Guy With All the Answers

“I Can Sell My Investors”

WHAT CEO REALLY NEED TO BE

Smart, Collaborative, and Humble

Trustworthy - Do the Right Thing When No One's Looking

Good Listeners Who Take Feedback Well and Can Be Coached

Secure Enough to Bring in Great Talent

Able to Delegate Effectively

SOME GOOD RESOURCES

THE BEST TERM SHEETS ALIGN THE INTERESTS OF FOUNDERS AND INVESTORS

<https://fundersclub.com/blog/2017/02/16/term-sheets/>

NEGOTIATING THE OPTION POOL

<https://www.coolleygo.com/negotiating-option-pool/>

FOUNDER BASICS:

FOUNDER'S STOCK, VESTING AND FOUNDER DEPARTURES

<https://www.coolleygo.com/founder-basics-founders-stock/>