

The Art of the (Investor) Pitch For WV Bio Boot camp (picture if you have it)



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WITH SOME COMMENTS FROM LARRY MILLER AND MATT HARBAUGH
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Objectives for Today



- Provide a framework for effective pitching for funding
 - Put the Investor Pitch in context
 - Walk through a proposed structure for the pitch
 - Provide some tips for effective pitching
- Offer F2F time for Q&A

What is your objective with your pitch?

You have done your due diligence on the VC, You walk up to the door of their fancy VC office with laptop in hand and freshly updated pitch loaded and ready to go.

What are you hoping to accomplish?

Primary Objective: Get to the next Meeting

Also:

- Provide enough information to get them interested
- Don't try to educate them
- Tell your story
- Leave them wanting more

Furthermore....

- **Establish your credibility and competence**
- **Create the basis for a relationship**
- **Demonstrate coachability**
- **Be somebody they might be interested in spending time with**

Is the Investor Pitch a sales pitch?



- **Yes!**
 - but not a product sales pitch..... It's a business pitch and an audition of you as the CEO.
- **Investors are interested in a return, a large return**
 - Product success is important, but the overall enterprise and its future success is what you are selling.

Appeal to The ROI(greed)!

The Investor Pitch is not the only tool in the bag



- **Elevator Pitch**
 - 30 – 90 second communication that gets an investor engaged
- **1-2 Pager**
 - Brief overview that can be mailed / emailed
- **6 Page Executive Summary**
 - We have a plan – It's not all big ideas and hyperbole
- **The Business Plan**
 - Questionable whether you need it in the investment process, but you definitely need to have done the thinking that would allow you to write a good business plan

Communication Philosophies



- The slides support the narrative, not the other way round
 - Don't read it - Tell your story
- Don't try to educate – be the expert in the room
- Heavy text / Light text
 - The Pitch needs to be a stand alone document
- Many different pitching scenarios
 - Large room / small room
 - 8 min.s – 60 min.s
 - Etc.

Tactical Considerations



- Have a standard pitch – but lots of variations for the very different audiences
 - 25 Minutes talk time
 - 14 to 16 pages
- Not full sentences
- Use business graphics / illustrations
- Use the slide real estate intelligently
 - Headers, the most important message space
 - Bullets >7
 - Paginate

Suggested Structure – Life Science



- Overview/CEO statement
- Problem
- Solution
- Clinical status
- Technology / IP/Regulatory
- Market Size, CAGR
- Commercial Traction
- Competition
- Team
- Business Model / Pricing/Reimbursement
- Go to Market Strategy & Operating Plan
- Financial Projections
- Raise & Uses
- Exit Strategy, Comparables
- Restate the investment thesis
- Appendix

Company Name (Picture)



PRESENTER(S)

TITLE

CONTACT INFORMATION

PAGINATE

Company Overview



- What business are you in
- What is the unique value proposition?
- What are the target markets?
- What have you accomplished thus far?
- What do you want to accomplish in the future?
- How much is your raise?

- Does not have to be a slide, I like it as your intro
- Tell them what you will tell them, tell them, tell them what you told them
- Hit the highlights / manage the story

Make the Problem Real



- What situation (“pain”) will you solve/exploit?
- Why does the situation exist?
- Demonstrate you know customer’s market.

- Your opportunity to set the stage
- Tee up the problem that you can address
- ID some specific problem areas that you will address
- Can be positioned more as an opportunity
- Quantify: units, \$, other metrics

Get Heads Nodding

Amazingly your Solution Directly Addresses the Problem



- What are you specifically offering? To whom?
- What do you have/do that solves problem(s)?

- Describe the solution
- Make sure that all the problem areas identified on the previous page are addressed
- Use a graphic or video to make sure the VC understands the solution

Get Heads Nodding

POC, Pre- clinical, Clinical Status, and Regulatory pathway



- Describe the proof of concept , pre-clinical and /or clinical trial status
- Regulatory pathway(s): length and cost
- Published papers, 3rd party reviews
- Grants, contests

The most important cost driver of your business will likely be your regulatory pathway requirements. Even HIT companies must be aware of changing regulations

Technology / IP



- Describe the technology in your offering
- Describe any protections you have in place or anticipate having

- For a technical offering this is a huge differentiator
- Avoid acronyms
- Describe the technology in a way that makes sense to your audience
 - Business differentiators and benefits
- This is one slide for a reason – a deep dive on the technology at this stage does not improve the likelihood of success

How Big is the Market?

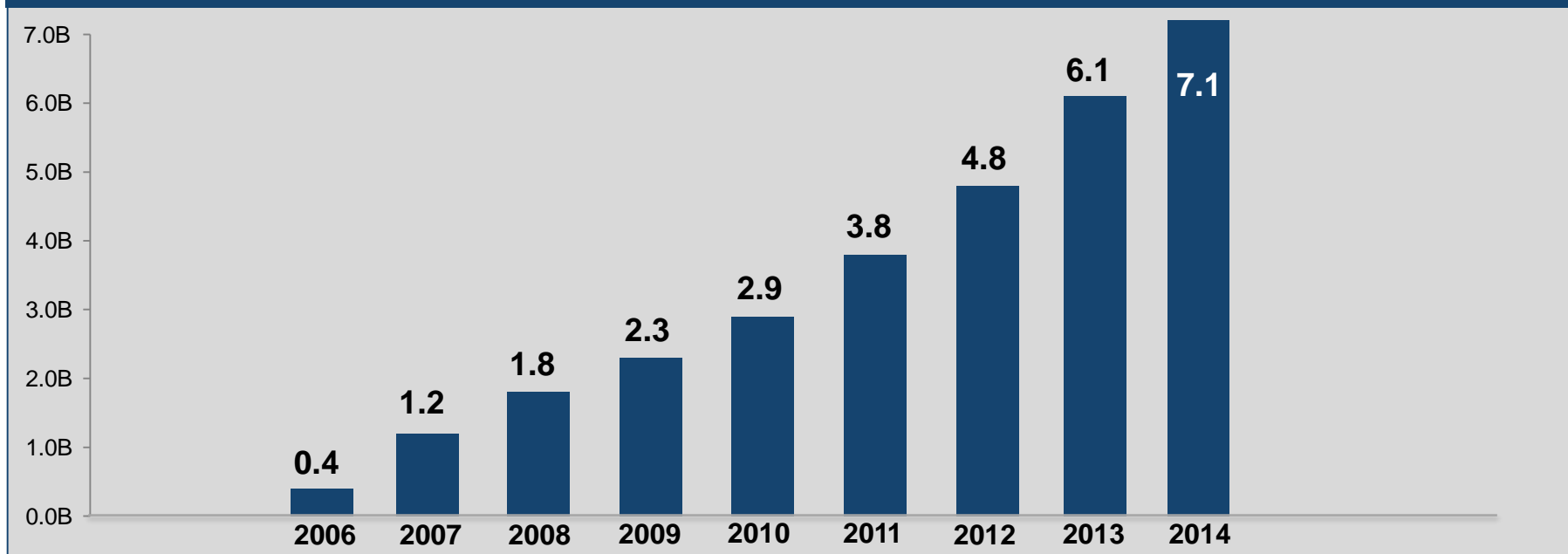


- How large is market and how fast is it growing?
- Size of your company's opportunity?
- Are there unique market dynamics/trends?

- Standard investment requirement (VC considerations)
- Market Dynamics / structure are particularly important
 - Can you legitimately content that you could be a top three
- Different definitions that are relevant
 - Market size
 - Total addressable market
- Do you have a Platform technology, are there market extensions

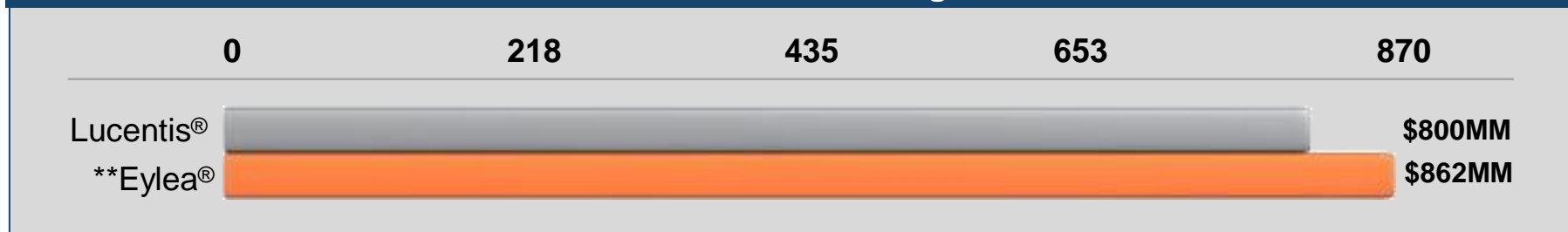
Current Wet Macular Degeneration Market: Expanding Multi-Billion Dollar Opportunity

Annual Global Branded WMD Sales*



*Ophthotech internal estimate

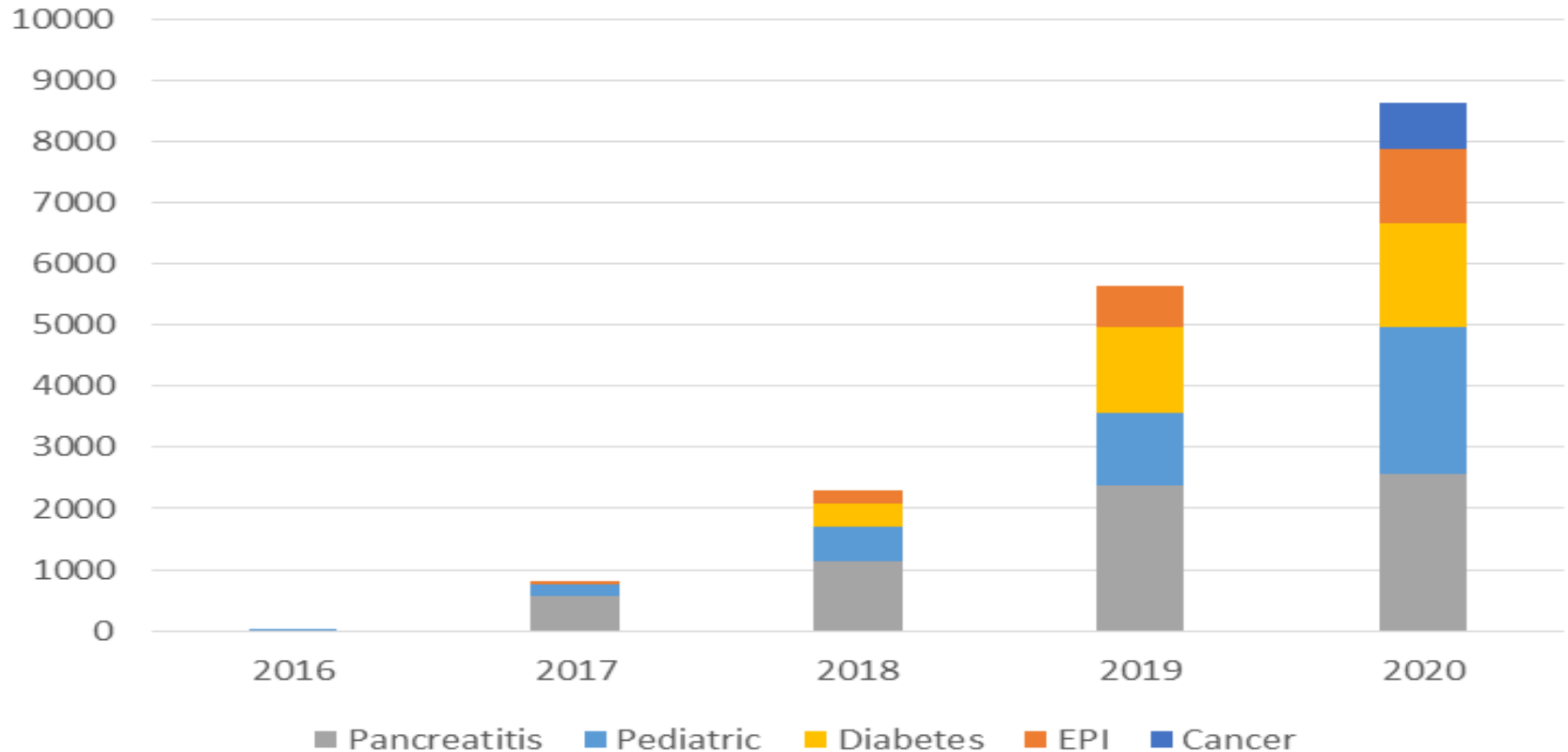
Sales in First 12 Months Following Launch



**Available sales data is for 13 months 10 days following launch

330% CAGR domestic pancreatic disease cases

Pancreatic disease case projection



Commercial Traction



- What progress has been made with entities (customers) who pay good money for the product or service

- Interested parties, Beta Testers, Co-developers, first customers etc.
- Key determinant of commercial success
- Independent verification of the value of your offering

Competition



- Who are they?
- How are you better?
- Why will you win?

- **THERE ARE ALWAYS COMPETITORS!**
 - Even if the alternative is 'do nothing'
- Need to demonstrate a clear advantage that will allow you to differentiate from the established players. Bubble chart
- Prefer the use of Consumer Reports graphic

The Competition

Approach	Used in:		Diagnoses in < 2 Minutes	Detects nearly all strokes	Interpretive/ Minimal Training
	Hospitals	Ambulances			
Eye-Scanner	X				X
Microwave	X				X
Blood	X			X	X
Trans-cranial US		X	X		
AlphaStroke	X	X	X	X	X

Competitive Advantage

- Speed of Test
- Ease of Use
- Versatility

Team



- Who are the 3 or 4 key players in Company?
- Focus on significant, relevant accomplishments that make team qualified to pursue this opportunity.

- Why is this the team that is going to deliver and in which I should invest?
- 40 to 60% of the investment decision is based on the team – not a throw away slide
- Put the team here unless.....

Board members are national leaders

312 peer reviewed papers published, 31 patents



David C. Whitcomb, MD, PhD Founder & Chair, Medical Advisory Board

- Pioneer in use of mathematics, genetics, neurosciences, immunology, epidemiology and clinical sciences to study complex inflammatory disorders and cancer risk of the digestive system
- Among most-cited authors with multiple landmark papers in pancreatic diseases
- Founding Director, UPMC Center for Personalized Medicine
- Editor-in-Chief, *Clinical and Translational Gastroenterology*



Dietrich A. Stephan, PhD Member, Board of Directors

- Professor and Chair of the Department of Human Genetics at the University of Pittsburgh Graduate School of Public Health
- Research focuses on accelerating new technology into clinical practice
- Veteran Silicon Valley entrepreneur, focused on diagnostics and therapeutics

Go to Market Strategy & Plan



- What is your strategy for customer acquisition?
- What is the plan to accomplish that strategy?
 - Approach
 - Timeline
 - Hires
 - Partners
 - Targets

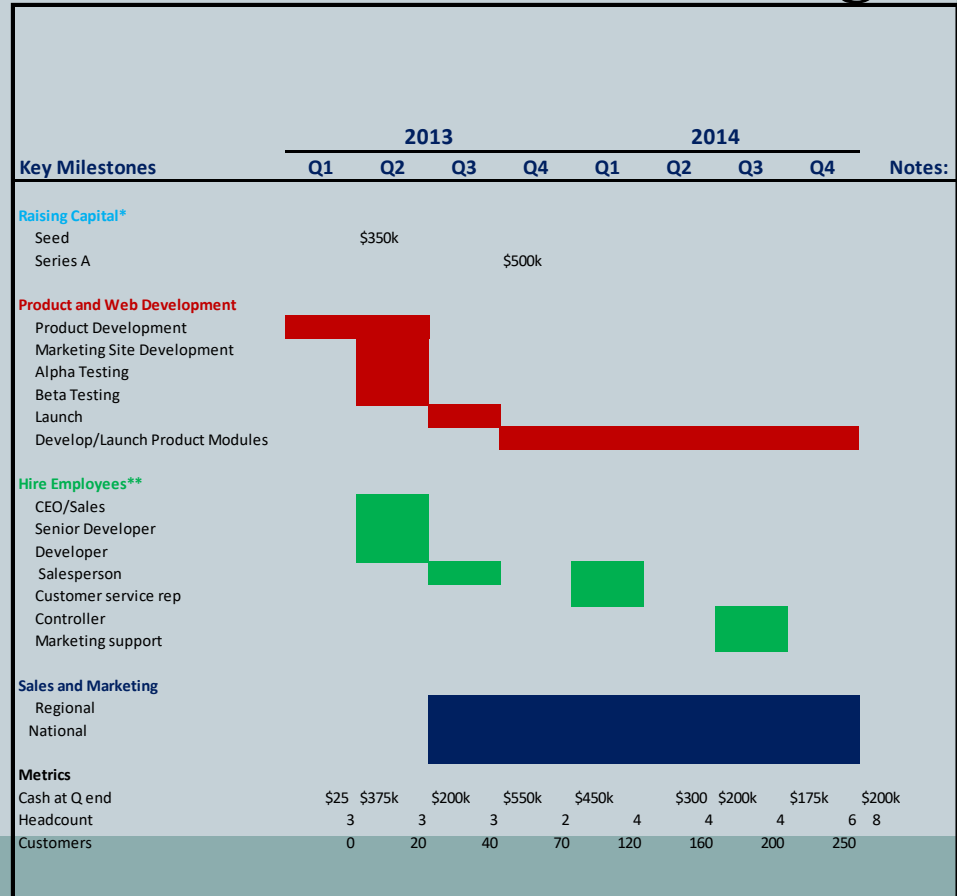
- Short term more important than long term
- Where the rubber meets the road

Operating Plan



- Preferably a Gantt Chart with a short to mid term focus showing how all the relevant activities hang together

• Most early stage investments are made based on a credible plan – need to make sure that this works



Business Model , Reimbursement & Pricing



- How do/will you make money?
- Why will you be profitable?
- What is sales cycle?
- Keep it simple. Examples?
 - How is it all going to work
 - Be Specific
 - Revenue Recognition
 - Make sure you understand reimbursement policies
 - Make sure you understand the distribution chain's margin requirements

Financial Projections

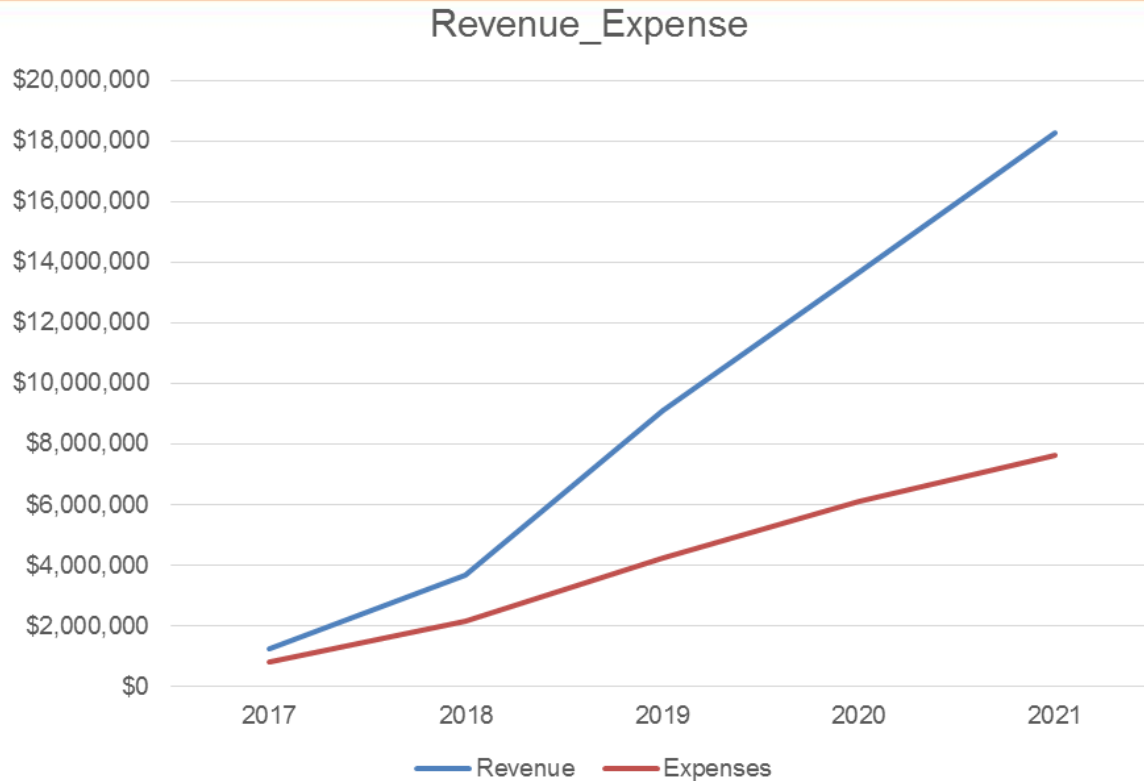


- Provide projections for next 4 to 5 years
 - Annual Revenue, Expense, Profit / Earnings
 - Cash balance
 - # of customers and employees

- Yes, It's probably wrong and yes, nobody can foresee the future
- Keep it credible
- You need to look attractive as an investment but not to the point of being ridiculous
- VC Considerations
- Cash is King

000s	2013	2014	2015	2016	2017
Revenue	\$ 200	\$ 750	\$ 1,800	\$ 5,800	\$ 10,500
Expenses	\$ 450	\$ 800	\$ 1,350	\$ 2,500	\$ 5,500
Earnings	\$ (250)	\$ (50)	\$ 450	\$ 3,300	\$ 5,000
Customers	10	20	50	150	250
Headcount	6	10	20	40	50

The Model Travels



	2017	2018	2019	2020	2021
Revenue	\$1,231,480	\$3,694,240	\$9,087,680	\$13,650,560	\$18,251,520
Expenses	\$1,098,722	\$2,173,336	\$4,226,552	\$6,109,584	\$7,632,128
EBITDA	\$132,758	\$1,520,904	\$4,861,128	\$7,540,976	\$10,619,392

Raise & Uses of Funds



- How much and for how long?
- Preferred Investment vehicle
- What will you accomplish with that money?
- What will you look like? Will that picture make the next raise a slam dunk?
- Future raises?

- Key point – what will you look like at the end of the period that enables accomplishment of the next objective?
- Don't dictate the terms – rarely works, and sends the wrong message – Golden Rule

Comparables and Exit Scenarios



- Almost invariably acquisition
- Who's buying?
- Examples of recent acquisitions in the space with multiples

- No mathematical scenarios – not credible
- Give the investor confidence that there is an acquisition market, and therefore a pathway to a return for them.

Recent Transactions



Target	Acquirer	Date	Price (\$M)
AssureRx Health	Myriad Genetics	8/19/2016	\$225
Cartagenia	Agilent Technologies	5/19/2015	\$67
Foundation Medicine	IPO	9/24/2013	\$489
Foundation Medicine	Roche	4/7/2015	\$1,200
Invitae	IPO	2/11/2015	\$493
NextCode Health	WuXi PharmaTech	1/9/2015	\$65

Summary Slide, Investment Thesis



- Reinforce your company's mantra.
- Solidify core value proposition and technology.
- What have been your key achievements?
- What does road ahead look like?
- Where does funding get you?
- Do not deviate from the story you just told.
- **MAKE THE ASK**

- Tell them what you just told them
- Create the synopsis / assessment that you want them to leave with
- This is not a throw away slide!

How to handle a Demo



- **Live Demos can be risky**
 - Confirm and test all the variables – internet, code availability, database availability etc.
 - Have a canned backup
 - Have a script and stick to it - get in, get out, move on.
 - Deviating will kill your time
 - You increase the risk of a failure / mis-step
- **Slot it in after you describe your solution**

How to handle Q and A



- Listen to the full question and make sure you answer the question asked
 - Then finish and move on
 - You can restate the question to suit your purposes
 - If the answer is not positive, lead with the bad news and then articulate the positive outcomes and next steps
 - Load your appendix with the detailed support for expected Q&A

How to handle Interruptions



- If the answer is later in the presentation, then defer the question politely
- If the questioner is persistent, take the time and answer the question
 - But get back on track as soon as is polite

Investor Pitch FAQ



- **Should I provide additional information?**

Absolutely.

- **Do I have to use powerpoint?**

*No and yes. **No**, you may use other software products, but **yes**, you will eventually need to express your ideas in an electronic format (ppt, pdf, etc.)...might as well start now.*

- **Can my presentation have animation?**

Yes, but it is not required. Investors want to know about you and your company – not whether you know how to make images shoot across the screen. If you choose to use animation or other media...make sure it will work. If there is any doubt, leave it out, and don't let it be a distraction.

- **Should I provide hardcopies of my presentation?**

Not necessary and definitely not before the presentation.

Additional Advice



- **Rehearse, a lot.**
 - Get very comfortable with the material and the flow
 - Don't get jaded



Good Luck!!

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Appendix



- Research reports, Papers
- Patents
- CVs
- Detailed analysis: market, pricing
- Detailed financials if warranted
- Regulatory notifications

Video example

