

# Team Up 2024

## Session 15

# Private Financing

8<sup>th</sup> October - 17:00 - 18:30 CET



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# TeamUp Team



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*EIT Food*



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# Agenda

**Part 1: Sources of funding**

**Part 2 : Due dilligence process for early stages companies**

**Part 3: How to approach your fundraise**

**Part 4 : Pitching to win**



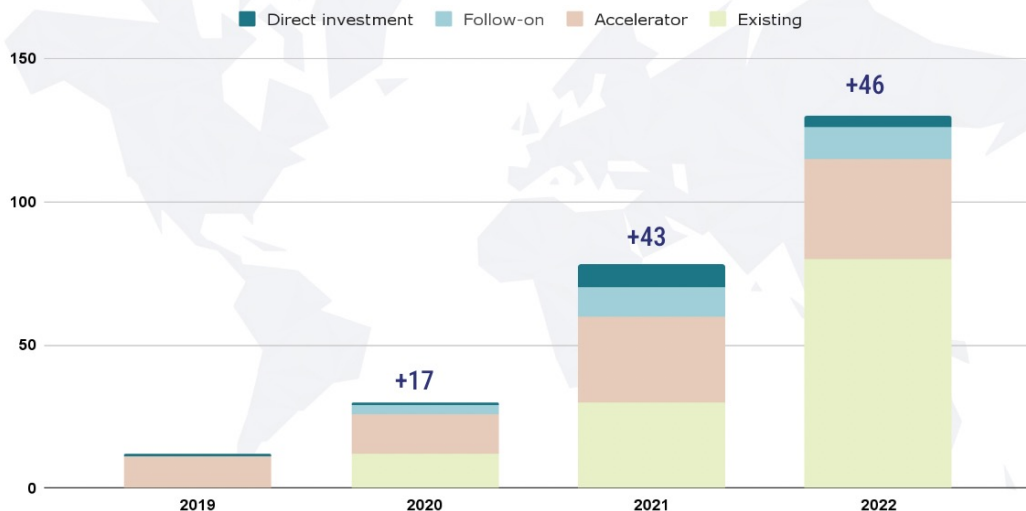
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# We are the world's most active investor in FoodTech\*

Big Idea Ventures invests in the **best food-tech early stage startups globally**. In less than 4 years we have sourced and invested at the earlier stage in many of the world's leading companies, working on alternative proteins and ingredients.



... and +100 more



## 2

funds raised in  
5 years

## US\$150M

AUM

## 3

Global offices in  
New York, Paris &  
Singapore

## 100+

Investments since  
2019

\*In 2021 and 2022. According to Foodhack on new investments.

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# PART 1

## Sources of funding



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## Different types of investments vehicles

### 1 Dilutive

**SAFE (BSA AIR) /  
CONVERTIBLE  
NOTE**

**PRICED ROUND**

### 2 Non-dilutive

**LOAN  
SUBSIDIES  
DEBT**



### **GRANTS & ACCELERATOR PROGRAMS**



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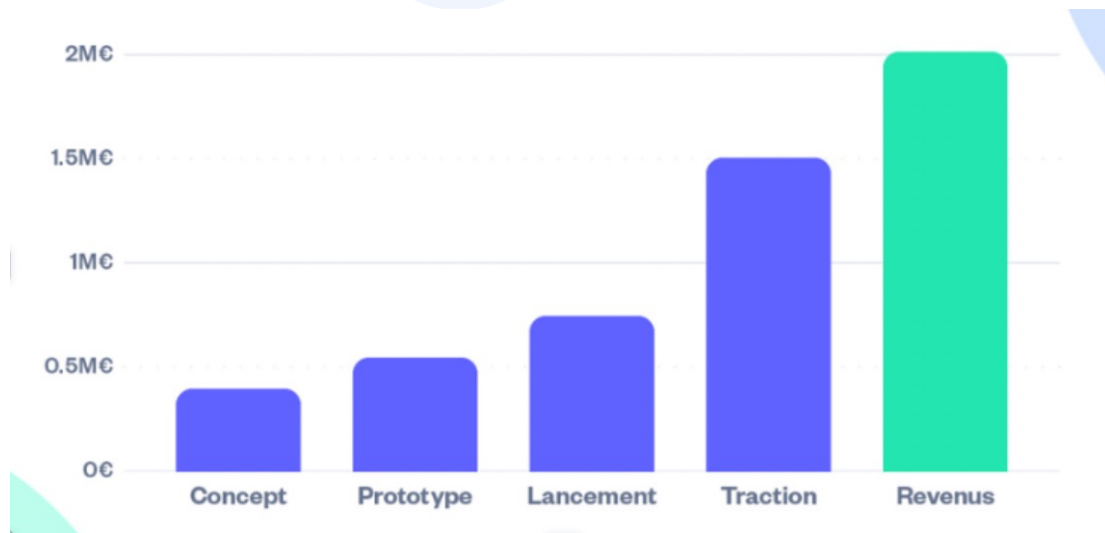


## Sources of funding and their Pros & Cons

	Bootstrapping	Friends & Family	Business Angels	Venture Capitalists	Crowdfunding	Grants	Loans
Pros	Full control / Flexibility	Easier access / Flexible terms / Supportive network	Low interference / Comfortable with risk / Light due diligence	Follow-on funding potential / Expertise and guidance / Extensive network	Access to a large pool of potential funders / Validation and marketing / Interesting terms	Non-dilutive funding / Credibility and validation	Non-dilutive funding
Cons	Limited resources / Increased personal risk / Limited growth potential	Strained relationships / Limited funding capacity / Lack of expertise	Limited potential of follow-on funding / Early exit strategy / Limited network	High expectations / Longer due diligence process	Time and effort / Bad reputation from VC's standpoint (can indicate desperation)	Specific eligibility criteria / Can be long to get	Collateral and personal guarantees / Interest and repayment add pressure to runway



# PART 2 - Due dilligence process for early stages companies





1

Team

# Due diligence process for early stages companies



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# Due diligence process for early stages companies

- 1 Team
- 2 Market / needs



# Due diligence process for early stages companies

- 1 Team
- 2 Market / needs
- 3 IP / Patent



# Due diligence process for early stages companies

- 1 Team
- 2 Market / needs
- 3 IP / Patent
- 4 Scaling-up



# Due diligence process for early stages companies

- 1 Team
- 2 Market / needs
- 3 IP / Patent
- 4 Scaling-up
- 5 Novel food regulation



# 1 - Team

- Scientific/engineers/PhD profiles in the co-founder team
- Complementarity of the profiles: e.g scientist + commercial\*
- Advisors in the ecosystem



## 2 – Market / Needs

- Which pain point is this company addressing? Is there a real need?
- How big is the demand? The market and so the opportunity?
- Competition
- Barriers for another company to entry



# 3 - IP / patent

- Who owns what? (University, spin-off..)
- Is this solution unique and not easily replicable?
- Trade secret or patent?
- How much is it game changing?





# 4 - Scaling up

- Is it feasible to produce this product at an industrial scale? With which impact on costs?
- Is there enough access to equipments in Europe or globally for that?
- What would be the price for having access to those equipments?



# 5 - Regulation

- When this product will be able to enter the market?
- Are the strains/ upstream and downstream processes novel food compliant?
- Consumer acceptance? (go-to-market)
- Novel food / GRAS (recognised as safe)
- GMO (Europe VS France)



# Different stages, different expectations

## Pre-seed - Concept

- Team of 2 co-founders
- Idea / market understanding
- Prototype or MVP
- IP secured
- Financial assumptions



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## Seed - POC

- Team more structured
- POC validated
- First LOIs signed
- Go-to-market strategy identified
- Financial model ready



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## Pre-seed - Concept

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## Seed - POC

- Team more structured
- POC validated
- First LOIs signed
- Go-to-market strategy identified
- Financial model ready

## Serie A - Scaling

- Strong team with commercial people
- First contracts signed
- Product ready for industrial production
- Project of building a factory



# Different stages, different expectations

## Serie B - Traction, Internationalisation

- Confirming Serie A
- Scaling
- Team growth
- M&A
- Buying technologies
- Going international



## Different stages, different expectations

### Serie B - Traction, Internationalisation

- Confirming Serie A
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### Serie C - Prepare for after

- Become a market leader
- Grow as fast as possible by gaining market share



# Different stages, different expectations

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## Serie C - Prepare for after

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## Bridge Round

- If you need more money to achieve milestones to go to the next stage of fundraising





# PART 3

## How to approach your fundraise



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# How much/when do I need to raise?

## Factors to take into account:

- Current runway (min 8-9 months ideal time).



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# How much/when do I need to raise?

## Factors to take into account:

- Current runway (min 8-9 months ideal time).
- What are the next priorities for my company/next milestones I need to reach.
- Targeted runway, based on budget for next period of time.
- Market dynamics?



# When do I need to raise?



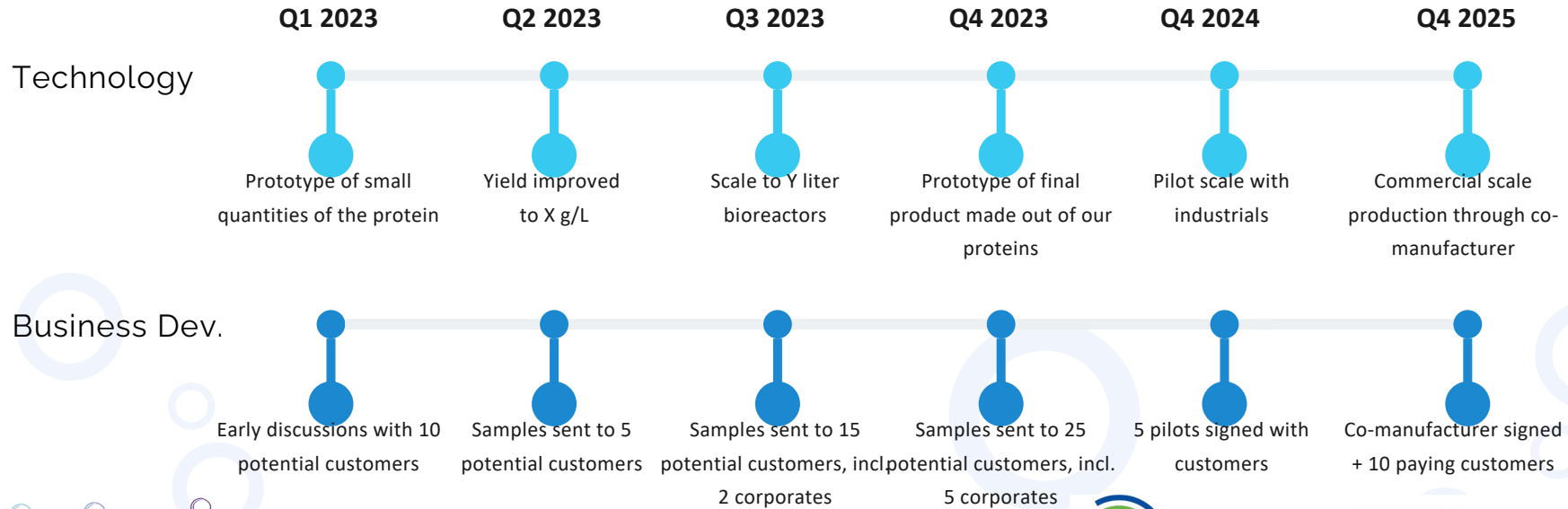
1. Set expected milestones
2. Define related costs
3. Simulate cash flow and fundraising needs
4. Feasibility check (market data): Yes or No
5. Go!



# When do I need to raise?

## Example of an animal protein PF company

### 1. What are my future milestones?



Regulatory, etc.

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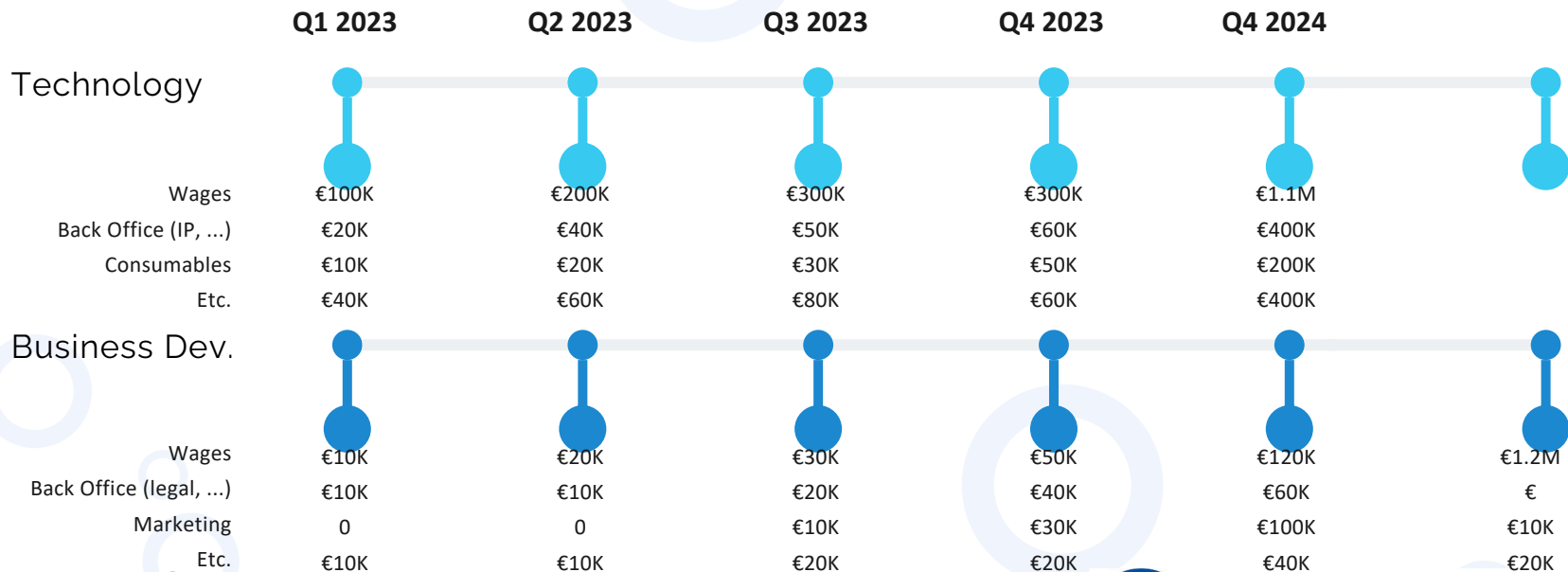


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# When do I need to raise?

## Example of an animal protein PF company

### 2. What are the costs involved ?

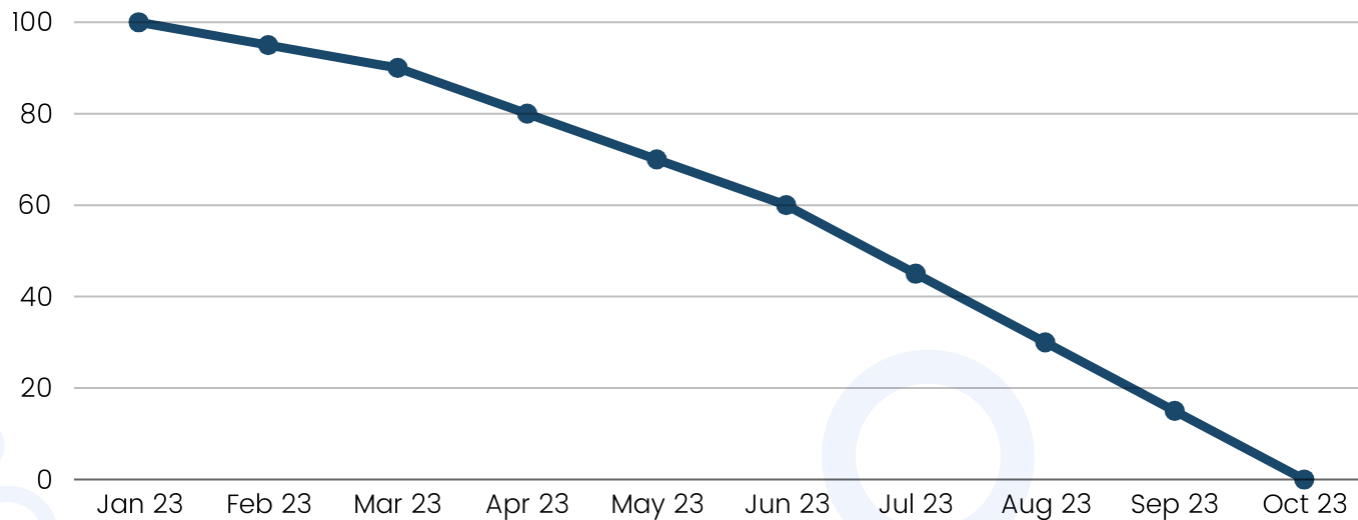




# How much/when do I need to raise?

Example of an animal protein PF company

3. Pre-seed round

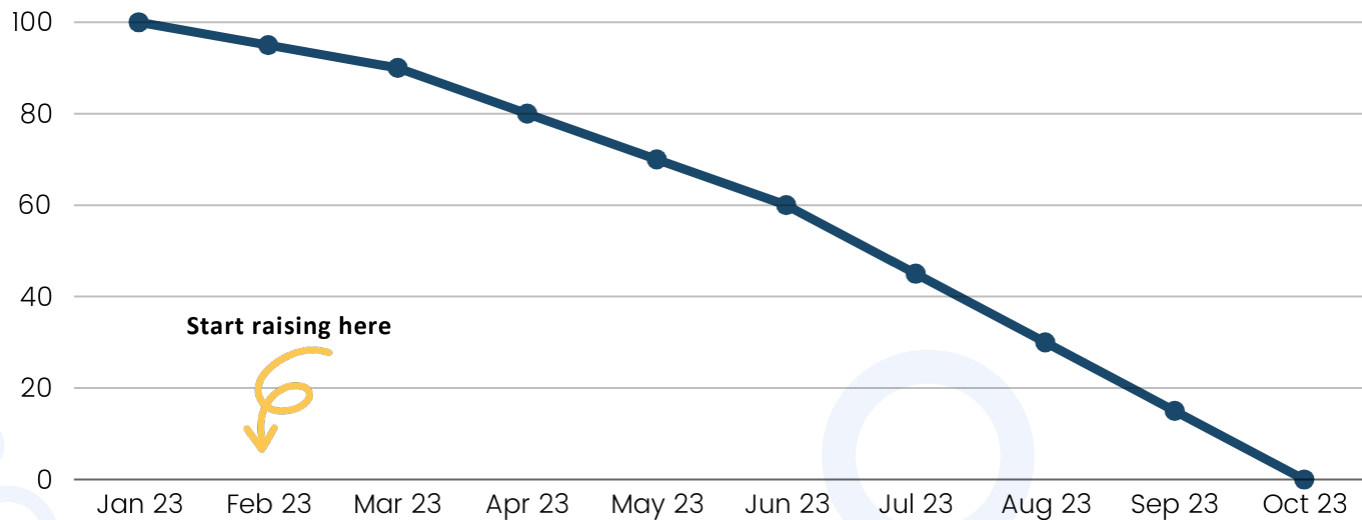


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# How much/when do I need to raise?

## Example of an animal protein PF company

### 3. Pre-seed round



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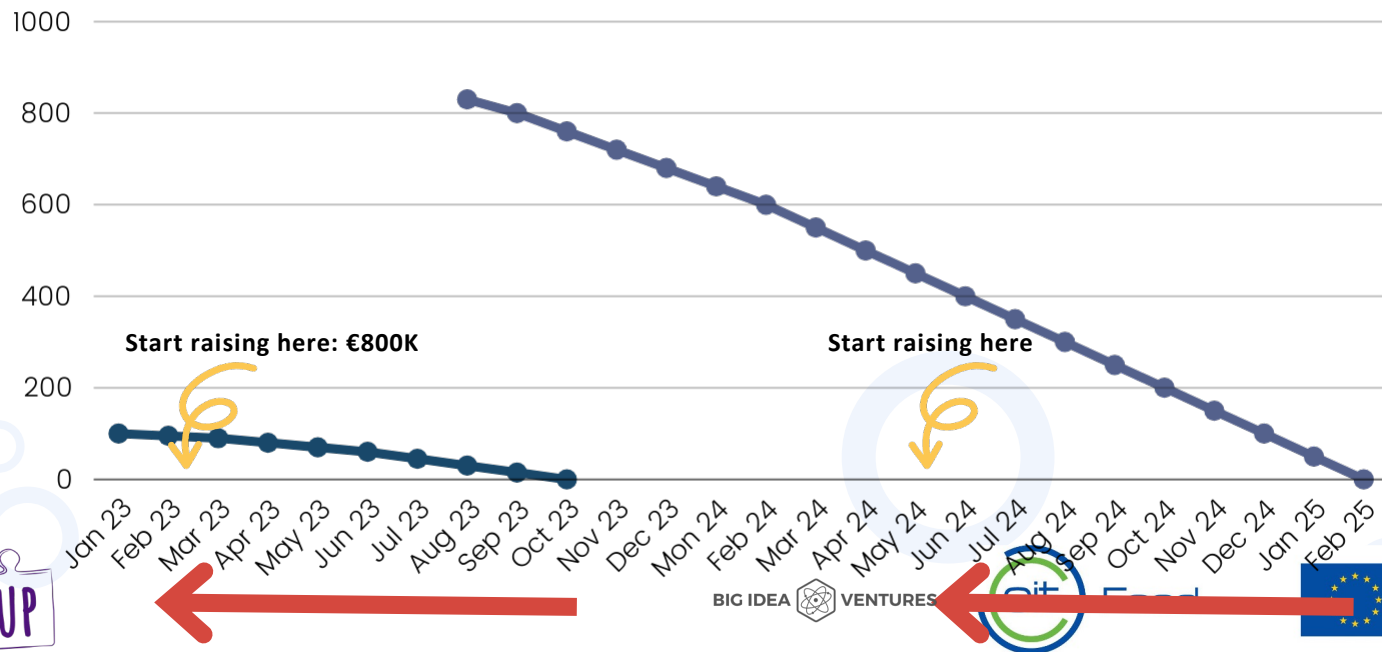


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# How much/when do I need to raise?

## Example of an animal protein PF company

### 4. Seed round



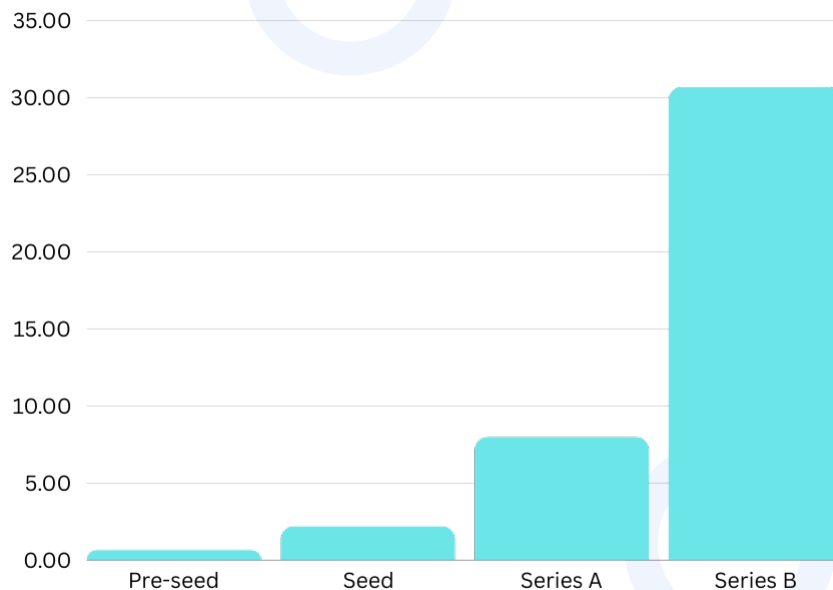
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# Median valuation/amount raised per stage

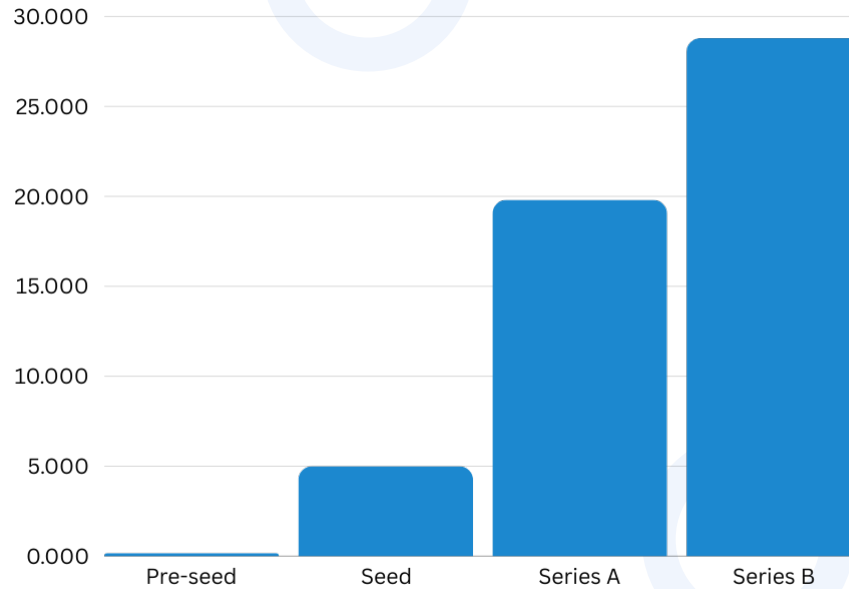
Median Round Size by Stage for Plant-Based companies.



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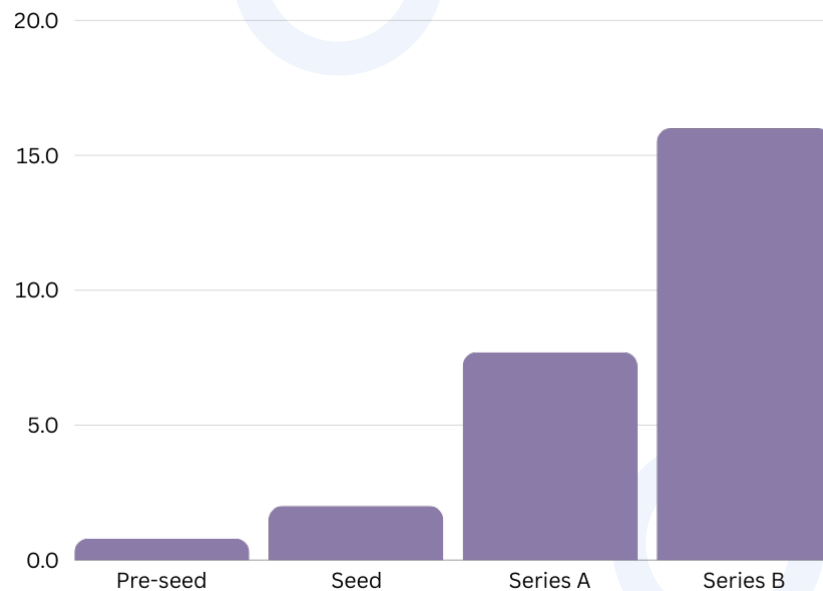
# Median valuation/amount raised per stage

Median Round Size by Stage for Fermentation companies.



# Median valuation/amount raised per stage

Median Round Size by Stage for Hardware companies.



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# How does valuation work ?

## Formulas:

$$\text{Post-money} = \text{Pre-money} + \text{Investment}$$

$$\text{Dilution} = \text{Investment} / \text{Post-money valuation}$$

Common dilutions are usually between 15 and 25% (more or less the amount your raising X4)



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# How does valuation work ?

Combination between:

- **The "Story"**
- **Comparable companies**
- **Multiples (for Series A/B+)**
- **Valuation being proportional to the amount you raise**





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But the main factor is always:  
**Supply vs Demand**



# How does valuation work ?

Combination between:

- **The "Story"**
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- **Multiples (for Series A/B+)**
- **Valuation being proportional to the amount you raise**

But the main factor is always:

**Supply vs Demand**

**DON'T: Start your fundraising with a set valuation that you impose to investors. This is a negotiation, with the lead investor.**



# How to reach out to investors?

**Priority 1: Warm introduction**  
credibility + high chances of response



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# How to reach out to investors?

## **Priority 1: Warm introduction**

credibility + high chances of response

## **Priority 2: Cold introduction, with context**

good chances of response. LinkedIn or email



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# How to reach out to investors?

## **Priority 1: Warm introduction**

credibility + high chances of response

## **Priority 2: Cold introduction, with context**

good chances of response. LinkedIn or email

## **Priority 3: Apply on website**

average chances of response, low chances of success



## Tips for talking to investors

1. Plan to contact a **lot** of investors (at least 100)
2. Build **relationships** starting yesterday (newsletter, events, ...)
3. Build **passion** into your pitch
4. Ask for follow-ups, but only **three times**. Ideally, with good news.
5. **Pre-qualify** your investor (#2 -> #1 -> #3)
6. Practice your pitches with "**junk**" investors
7. Draft a pitch deck right after raising a round
8. The **VC community is small** do not burn bridges



## Tips for talking to investors

...and above all, build **FOMO !!**

- get them to know you before you start fundraising (media, events, ...)
- build relationships with portfolio companies of other VCs



## Common mistakes in fundraising

**Over-optimizing for investor:** You only get to pick your investor if you have a choice.



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## Common mistakes in fundraising

**Over-optimizing for investor:** You only get to pick your investor if you have a choice.

**Over-optimizing for dilution:** What actually matters - building the company for massive success. Max 25%.



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## Common mistakes in fundraising

**Over-optimizing for investor:** You only get to pick your investor if you have a choice.

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**Over-optimizing for the amount raised**



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## Common mistakes in fundraising

**Over-optimizing for investor:** You only get to pick your investor if you have a choice.

**Over-optimizing for dilution:** What actually matters - building the company for massive success. Max 25%.

**Over-optimizing for the amount raised**

**Over-optimizing for speed**



# PART 4

## Pitching to win



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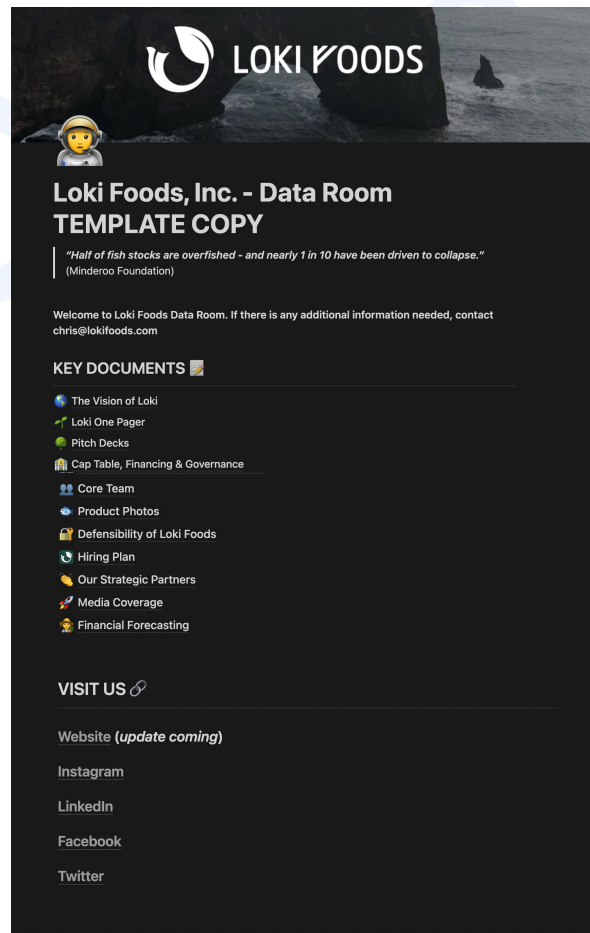


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## What you'll need to prepare

# 1

A good virtual data room



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## What you'll need to prepare

# 2

### **An excellent business model / financial model**

- Show how you'll be profitable in the coming years
- Explain and be very clear on your expenses, revenues etc
- In this economic context, EBIDTA is king !



## What you'll need to prepare

# 3

### A good pitch deck

- You can use Canva, PPT, Beautiful.ai
- High resolution photos / 1 font / 3 colors max
- 1 x 3-min pitch deck
- 1 x 10-min presentation deck
- 1 x "leave-behind" deck



## What is a good pitch deck ?

The goal is to answer the interrogations they have,  
not to describe your business.





# What is a good pitch deck ?

- Company Logo & Business Overview

**Grab Attention: Make them sit forward**

**Concise overview of company (the one floor elevator pitch)**



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# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain

**"Is the market big enough?"**

**Usually, SAM\* > \$1B**

**(specific customer segments or target markets that the company can effectively reach and serve)**



\*Serviceable Addressable Market

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# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product

**"Does their solution address this major pain point?"**



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# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product
- Business Model

**"Does the business model make sense?"**



# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product
- Business Model
- Customers

**"Do they know their customers?"**



# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product
- Business Model
- Customers
- Competition

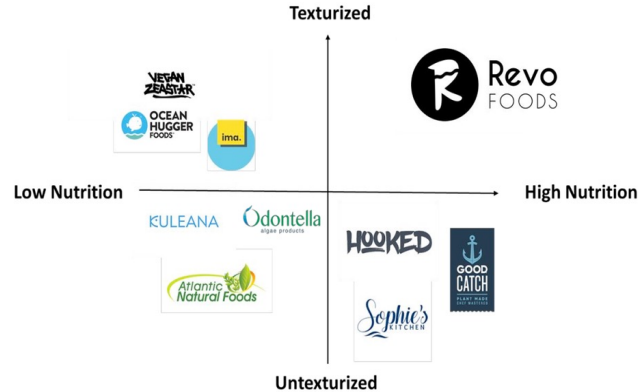
**"Are they addressing a white space or a crowded one?"**

**"Do they know their competition?"**



# What is a good pitch deck ?

- Competition
- Examples:



Competition

### With an unfair advantage

Player Type	Companies	Chicken Breast	Price / kg	Transformation level	Capacity to produce >400kg/h/line
Wet extrusion		✗	6-12€	HIGH	✓
3D printing		✓	>20€	HIGH	✗
Shear Cell		✓	>20€	HIGH	✗
Fermentation		✓	>15€	LOW	✗
Cellular Chicken		✗	>40€	HIGH	✗
Unisation		✓	6-9€	LOW	✓



# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product
- Business Model
- Customers
- Competition
- Barriers to Entry

**"Is the company protected from new entrants?"**





# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product
- Business Model
- Customers
- Competition
- Barriers to Entry
- Team

## Demonstrate unfair advantage:

Skills

Industry-specific

Technology-specific

"Is this the best team for this particular project?"



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# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product
- Business Model
- Customers
- Competition
- Barriers to Entry
- Team
- Strategic Relationships

**"Are they surrounded by the right people for their journey? Along the whole value chain?"**



# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product
- Business Model
- Customers
- Competition
- Barriers to Entry
- Team
- Strategic Relationships
- Financial Overview

Just a simple graph.  
No Excel spreadsheet.

**"Is the plan both ambitious and realistic?"**



# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product
- Business Model
- Customers
- Competition
- Barriers to Entry
- Team
- Strategic Relationships
- Financial Overview
- Call To Action

**"Do they have a clear idea of what they need to get to the next step?"**



# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product
- Business Model
- Customers
- Competition
- Barriers to Entry
- Team
- Strategic Relationships
- Financial Overview
- Call To Action
- Use of Capital/Milestones

**"Is what they plan to achieve going to help them raise the next round?"**

**What you will achieve with this funding is more important than how much you will spend in what.**



# What is a good pitch deck ?

- Company Logo & Business Overview
- Market / Pain
- Product
- Business Model
- Customers
- Competition
- Barriers to Entry
- Team
- Strategic Relationships
- Financial Overview
- Call To Action
- Use of Capital/
- Logo / Contact

**Only email, no phone number needed.  
CEO contact information is enough.**



## **Last advice**

**DO: Give them a leave behind deck**

**DO: Use builds**

**DO: Say it then show it**

**DO: Know your slides so well you don't need to look at them**

**DO: Have backup slides**



# Contact Us!

Do you have any questions?



[teamup@eitfood.eu](mailto:teamup@eitfood.eu)



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