

# Toolkit on dos and don'ts when pitching in front of investors

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## This toolkit

- Serves as a guide to organisations that are looking to pitch to investors
- Builds on feedback from investors to AAL projects/organisations that have pitched at one of the AAL investors events organised in 2017-2018
- Can be used to reflect more broadly about the prospects for commercialisation of the AAL solutions developed as part of AAL projects
- Does not replace the advice from AAL2Business

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## Tip 1: Always start by explaining the market demand

- How big is the market?
  - *Outline the market size and market growth rates*
    - How big is your potential customer group (your target group)?
    - How big is your likely customer group (estimated market share of the target group)?
    - How big is your current customer group?

*It is not good enough to reference the aging population and population statistics*

- Is this a market where you can scale-up?
  - *How many customers do you expect to 'sell' to in 1 year, in 2 years, and in 5 years?*

## Tip 2: Make clear what is your Unique Selling Point

- Describe your product/service
  - *E.g. is it a online platform, is it an alarm system, is it an entertainment system?*
- Explain that problem that you are trying to solve
  - *What need do you address?*
  - *Be realistic in your understanding of your market – you cannot pretend to solve a global problem*
- What is your USP?
  - *Explain your USP in one sentence*
- Describe your competition and your competitive advantage
  - *A Unique Selling Point (USP) distinguishes your solution from that of a competitor. What do you have that other current/future competitors do not have? What can you do better?*

Make  
sure that  
your  
audience  
is:

- Clear on what your are trying to sell
- Clear on what your are bringing to the market
- Convinced that what you are proposing does not already exist on the market







## Tip 3: Provide evidence of your value proposition

- What is your value proposition?
  - *Have you tested your solution with your target customer group (e.g. municipalities, care homes, older people)?*
  - *What is the value of your solution to your customer?*
- What is your business model?
  - *B2C, B2B, B2B2C, B2G?*
  - *Do you expect to generate recurring revenue or a one time sales revenue?*
  - *Are you already making sales?*
  - *What are your distribution and sales channels? How do you sell your product/service? What are you doing to promote your solution?*
  - *What are your opportunities to scale-up, how do you plan to scale-up?*
  - *Do you plan to go international? When?*
  - *Have you applied for intellectual property right protection?*

Why you? What makes you credible?

Do you have a solid value proposition?

- Do you know the needs of your (paying) customer(s) and of the end-user(s)?
- Can you evidence that you provide value to both?
- Note that the paying customer and the end-user can be the same individual/organisation

The investors' check-list		Yes, evidence is provided
	Have a <i>sufficient</i> number of <u>end-users</u> tested the solution in its current form?	<input type="checkbox"/>
	Has the current design been <i>validated</i> as fit for purpose by <u>end-users</u> ? (do end-users actually like the solution?)	<input type="checkbox"/>
	Has the solution been developed in collaboration/consultation with one or more target <u>customers</u> ?	<input type="checkbox"/>
	Does the solution meet the needs of the <u>customer</u> ?	<input type="checkbox"/>
	Are the target <u>customers</u> ready to buy the solution?	<input type="checkbox"/>
	Are the target <u>customers</u> willing to pay the full cost?	<input type="checkbox"/>

## Tip 4: Be honest about where you are and about the risk involved with investing

- Outline your previous and future milestones
  - *At what stage are you?*
    - Are you still in the ‘idea’ stage?
    - Are you currently developing a prototype?
    - Are you testing your prototype?
    - Are you currently launching your product?
    - Have you made your first sale(s)?
- Be honest...
  - *Have you identified the best route to market (independent channel, distributor, M&A, etc.)?*
  - *How does your idea/prototype/marketed product compare to solutions of current and potential competitors?*
  - *Will you have repeat customers? How will you improve the value of your solution to your customer in the long-term?*

## Tip 5: Provide evidence of Return on Investment (RoI)

- What is your expected RoI in 1 year, 2 years, 5 years?
  - *How many units have you sold?*
  - *How many units can you sell? In one year, in two years, in five years?*
  - *What is your price per unit?*
  - *What is your cost per unit? / What is your margin?*
- Forecast needs to include realistic cost budget
  - *Do not underestimate scale-up costs*
- Explain why you need financing
  - *How much you need? What do you need the money for? What are the funding requirements? How/when do you plan to pay back (exit planning)?*

Be prepared to follow-up and share historical data and forecasts on:

- Profit and loss statements
- Balance sheet (asset and liabilities)
- Cash flows



## Tip 6: Explain who is pitching

- About you
  - *Describe in two sentences what you are doing and what you are trying to achieve*
  - *Describe your current role/involvement and plans for the future*
- Introduce your company
  - *What is the legal entity that the investor will do business with? What is the brand you want to trade under?*
    - You need to focus on the business and not on the AAL funding programme
  - *Who is driving that legal entity? Who is part of the management team? Who is on the advisory board?*
  - *Who else is in the team? Who has the tech skills and who has the business skills? Do you already have investors on board? Are you looking for additional members of the team?*
- Your network
  - *Do you have any alliances and partnerships with corporates or other key players in the market?*

Note that you are investing in a relationship:

- Do you want to work with the investor?
- Under what conditions do you want to work with the investor?

## Practical advice when presenting

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- Talk to your audience and do not read from your slides
  - *You are talking to a potential business partner(s)*
- Keep your presentation short and cover all the basics
  - *You do not want to take up your Q&A time*
  - *You do not want to cover the basics during your Q&A time*
- Send your presentation ahead of the event to the moderator(s)
  - *You do not want to take up your time uploading your presentation*

## How to tackle Q&A

- Listen to the questions that investors ask
  - *You do not want to be told that you are not listening*
- You may be asked a question that you are not prepared for
  - *Do thank the investor for his/her question*
  - *Do not try to give a half-baked reply*
- You may not like the feedback from investors
  - *Avoid becoming defensive and avoid shifting blame*
  - *Try to learn from the experience (maybe you are looking for a different type of investor?)*
- You may think that a question is a 'bad question'
  - *Answer politely and encourage follow-up questions*

## Examples of more technical questions

- Examples of questions include:
  - *Have you thought about product design? “Older people reject products that look like they are for older people”*
  - *Do care homes need to be innovative? Is there evidence that they have recourses to invest in new solutions?*
  - *Are there any barriers to expand internationally?*
  - *Can you link diagnosis to treatment? If so, what would be the (additional) value to your customer?*
  - *Does your solution meet the required standards?*
  - *Does the user need to turn the product ‘on’ him/herself?*
- Do not get frustrated, any question can be the start of future dialogue
  - *If you only answer ‘yes’ or ‘no’ to any of the above-mentioned questions you miss out on an opportunity to create dialogue!*

## Position yourself: Are you ready to pitch to investors?

- Are ready to bring your product to market?
  - *If your AAL project was successful in developing a prototype you may not be ready to bring it to market*
    - Do you have the required skill set to go to market? Going to market requires a different set of skills than those needed to develop a prototype
- What is your roadmap? Where is your solution in 1 year, in 3 years in 5 years?
- Do not expect to investors to invest immediately
  - *Even if an investor is interested he/she might like to see you develop your business further before engaging*
- Do not miss out on an opportunity to pitch

# A template for pitching to investors

**THIS TEMPLATE CAN BE USED AS A GUIDE**

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*Subtitles and Logos*  
*Your name, company and contact details*

## The problem and opportunity

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*Tell the story briefly:*

*1. problem:*

- *explain in one sentence what ONE problem you solve*
- *who has the problem?*
- *what are the current (inadequate) solutions on the market?*

*2. opportunity:*

- *what is the target market and relevant segments?*
- *what is the market size and trend?*



## The solution

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- *describe your product in ONE sentence.*
- *how does your product or service address the problem?*
- *what value does it bring to customers?*
- *what is your unique selling point, how does your product compare to current solutions on the market?*
- *how is your product validated?*

*(use pictures, videos, graphs or prototypes to explain)*

## The ask

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*Explain why you need financing*

- *how much € do you need and when?*
- *who are your current investors?*
- *what will you use the money for? and how will this help achieve your goals?*
- *how do you plan to return €€€ to investors? (exit strategy)*

## The business model

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- *who pays for your product?*
- *how do you sell your product/service?*
- *what is your pricing strategy?*
- *how will you fight competitors off ?*

## The status quo

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*Describe your current stage and plans for future*

- *is your product on the market?*
- *do you have key early adopters/partners?*
- *what are your current sales and forecast figures? (graphs, no detailed tables)*
- *state your assumptions*
- *roadmap and milestones*

## The team

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*Describe your team*

- *who are your key team members and what are your unique skills?*
- *what is your business track?*
- *what other key positions do you need in the future?*
- *capability to execute on the business plan*

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Thank you!

*Subtitles and Logos*

*Your name, company and contact details*