How to Pitch to Angel Investors

DC Palter
Oct. 12, 2021
USC
Who Am I? My Career in 11 Logos


MBA Tech Marketing

Masters of Jurisprudence Energy Law & Policy

MFA Creative Writing

Cofounder / VP Sales & Marketing
Acquired by Broadcom

Founder / CEO
Acquired by Private Equity

Co-founder / CEO
Seed Stage
### Angel Investor & Startup Mentor

<table>
<thead>
<tr>
<th>Angel Investor</th>
<th>Mentor</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Largest angel group in SoCal Investor since 2009 LA chapter exec. committee</td>
<td>Nationwide investors in HardTech Member since 2018 Lead Ask the Expert Program</td>
<td>30 individual investments 3 member funds</td>
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</tbody>
</table>

- Tech Coast Angels
- USC
- UCLA
- Chemical Angel Network
- Founders Boost
- Clean Tech Open
- Founders
- Newchip
- AQUACYCL
- NovaSignal
- NORIA
- Echemion
- haxiot
- NEVADOS
- Commfuel
- Ondax
- Tippsy
- Savara
- Allylix
Pitching Angels blog
https://pitchingangels.com
articles on pitching and startup advice

Medium
Top writer: Startup, Venture Capital, Entrepreneurship
https://dcpalter.medium.com/

To Kill a Unicorn
A Silicon Valley Mystery
Releases March 2022
Pandamoon Publishing

Please sign up to receive my articles!
<table>
<thead>
<tr>
<th>Investors</th>
<th>Friends &amp; Family</th>
<th>Angels</th>
<th>Venture Capital</th>
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<tbody>
<tr>
<td>• invest to help you succeed</td>
<td>• looking for financial returns</td>
<td>• looking for financial returns</td>
<td>• looking for financial returns</td>
</tr>
<tr>
<td>• earliest stage</td>
<td>• pre-seed/seed stage</td>
<td>• Series A &amp; beyond</td>
<td></td>
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<tr>
<td>• won’t negotiate details</td>
<td>• invest own money</td>
<td>• investing LP’s money</td>
<td></td>
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<tr>
<td>• typical check: $5K-$10K</td>
<td>• typical check: $25K-$100K</td>
<td>• typical check: $1M-$100M</td>
<td>• preferred equity</td>
</tr>
<tr>
<td>• SAFE</td>
<td>• SAFE, convertible note, equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
<td></td>
<td></td>
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<tr>
<td>------------------------------------------------------------</td>
<td>-------------------------------------------</td>
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<tr>
<td>What’s the point?</td>
<td>Sell stock in your startup</td>
<td></td>
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<tr>
<td>Why would investors buy stock in your company?</td>
<td>Make money</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How do angels and VCs make money from your stock?</td>
<td>The exit!</td>
<td></td>
<td></td>
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<tr>
<td>What is an exit?</td>
<td>IPO or acquisition</td>
<td></td>
<td></td>
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<tr>
<td>What happens at an exit?</td>
<td>Investors can sell the stock</td>
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</table>
What makes a good pitch?

It’s a story of how an investor will make money 5-10 years from now because your company will have a big exit.
The Elevator Pitch

~30 seconds

Situation? “Hey DC, what do you do?”

Goal? “Wow, sounds interesting. Can you send me a deck?”

How? “We’re the team that founded LinkedIn. We’re working on a new startup to apply machine language to hiring. Want to learn more?”

“Heating and air conditioning accounts for 1/3 of an office building’s expenses, but half of that energy is wasted on empty rooms. We’ve developed an IoT system to send airflow where it’s needed, saving building owners $1 million dollars per year, while reducing CO2 emissions by half. Can I send you details on KomfortIQ?”
10-15 minutes pitch
10-15 min. Q&A

Goal?
Get to diligence meeting
The Business: what are you making and why?
The Evidence: why will you be the 1 out of 100 that succeeds?
The Investment: how does the investor make money?
The Business: what are you making and who needs it?

- Problem
- Solution
- Market size
- Business model

The solution is 1 topic out of 11. This is not a product pitch. You’re selling stock in a business to investors. We need to understand the product environment (problem/solution/users), not how it works.
The Evidence: why are you the 1 of a 100 who will succeed?

- Intellectual property / patents / moat
- Competition
- Team
- Traction

Most startups don’t fail from a bad product. They fail in spite of a good product. Prove you have what it takes to be the one that succeeds.
The Investment: how does the investor make money?

- 5 year financial projections
- Exit strategy
- Deal terms

Show me the money! If everything goes according to plan, how much do I make?
This is the section that most startups miss.
Read pitchingangels.com
Contact: dcpalter@gmail.com
USC Office Hours: Nov. 3 @5 PM