

如何跟萬惡的投資人談判

- 打開Term Sheet的潘朵拉盒子

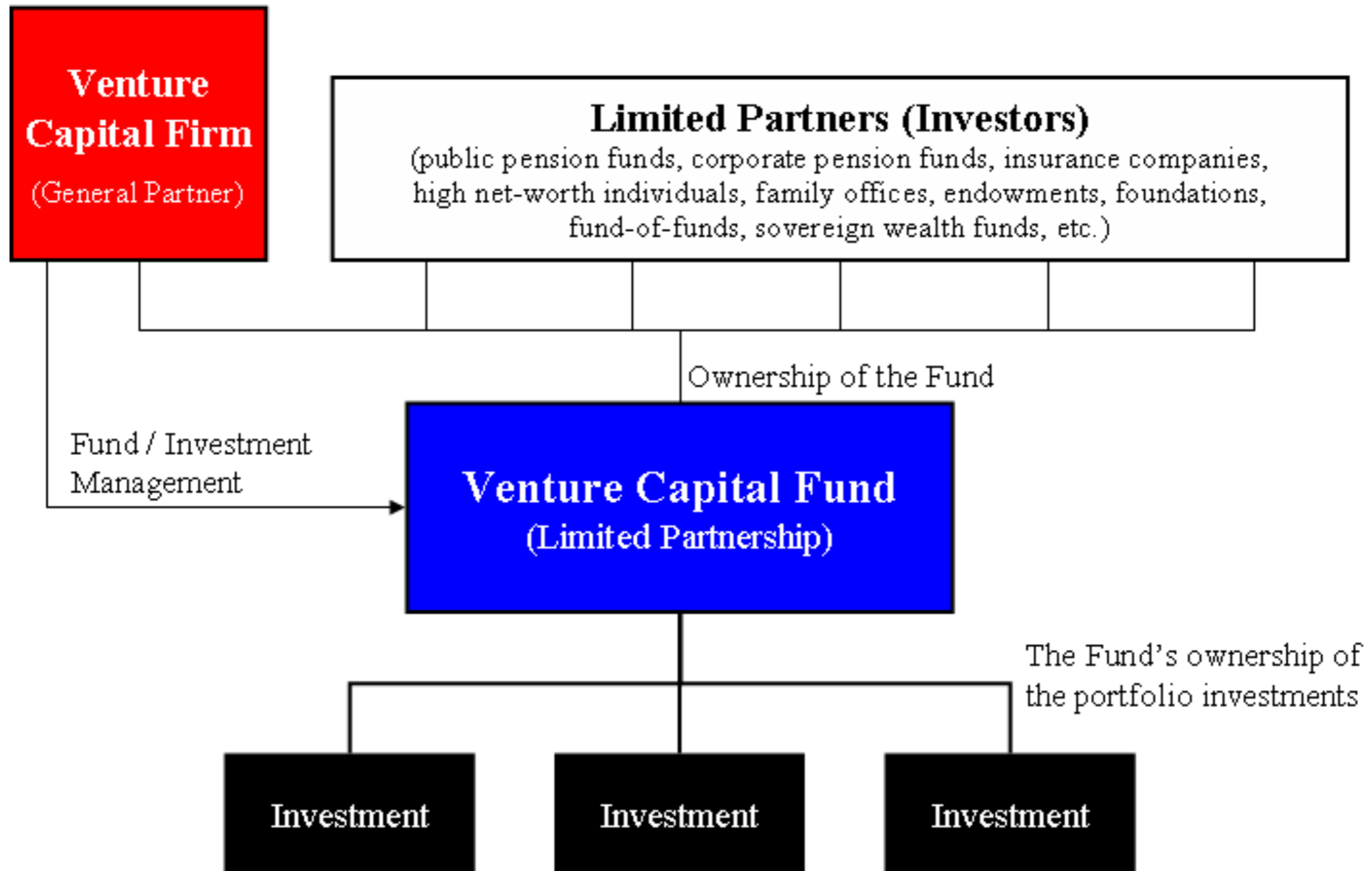
TK Chen @ Quest Venture Partners



創投是什麼？可以吃嗎？

	父母或親戚	天使	銀行	創投	股權群眾募資平台
優點	錢快速到位。	早期投資，不用等到有些成績。	不佔股份	金額較大。	客戶就是最棒的投資人。
	審核極鬆無比。	金額好的話可以到幾百萬台幣。	幾乎完全不影響公司營運方向	錢之外的幫助很多，人脈、產業知識較豐富。	募資平台上成效好的話會讓之後募資容易許多。
	親子關係好的話，甚至可以不用還錢。	錢也快速到位	適合短期營運資金缺口	可於危急時救你一命	不用像其他群眾募資平台，有交貨壓力，可以隨時調整產品。
		通常也會有商業人脈優勢	理論上說服成本較低	專業投資機構，因此可幫助公司穩健成長	可養一批相當忠實的客戶群。
			金額可大可小，端看需求		原則上不太影響公司營運，創辦人掌有高度自主權。
風險	生意如果不好，從此不敢回家過年。	天使畢竟還是天使，不輕易下凡。	債權權利高	涉入公司營運較多，影響公司未來發展。	法規限制下可募得的金額不高。
	須額外孝順父母	如果遇到不好或不懂網路的天使，將是屁股裡的痛。	有額外利息成本	佔董事席次	程序沒有比較簡單，文件準備多
			個人信貸的話還有個人credit問題	不對的創投是一輩子的痛。	需對外公布重大訊息
			創新商模溝通成本也高		若群募不成功，很難跟其他籌資管道交代
			可能須抵押		

創投怎麼賺錢？



We are greedy vampires

Assume an avg 6 years time period to see a return

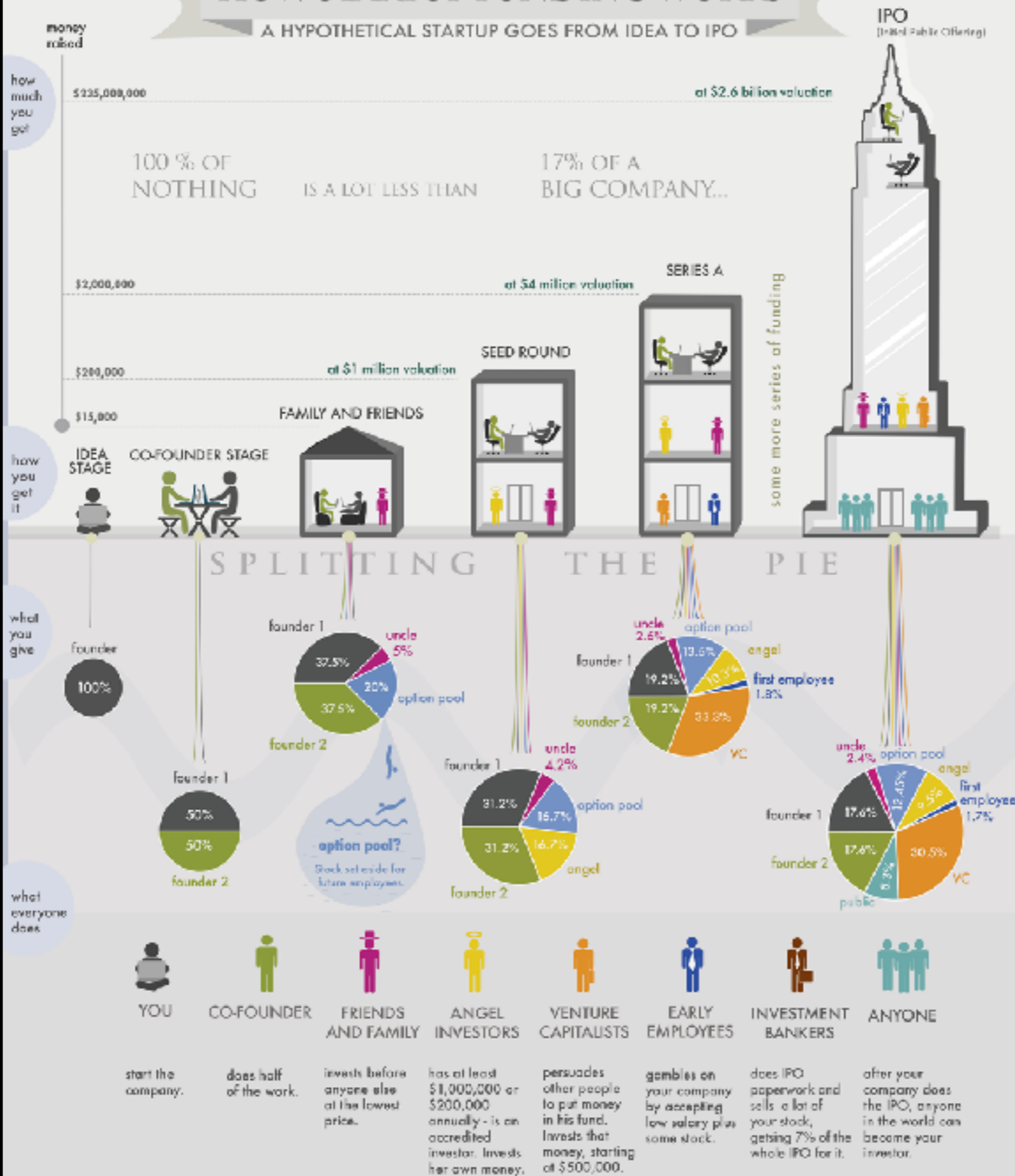
Prob.	Multiples (X)	IRR
1%	50	91.94%
19%	20	64.75%
80%	0.0001	-78.46%
Expected cash payout		4.30008
Expected IRR		27.52%



HOW STARTUP FUNDING WORKS

BY ARNOLD VITALE

A HYPOTHETICAL STARTUP GOES FROM IDEA TO IPO



What is Term Sheet?

- A document guides the final terms of the real official agreement
- Non-bonding
- Everything is negotiable




Term Sheet 須注意事項

- Price - Pre Money Valuation

(小心Option pool shuffle)

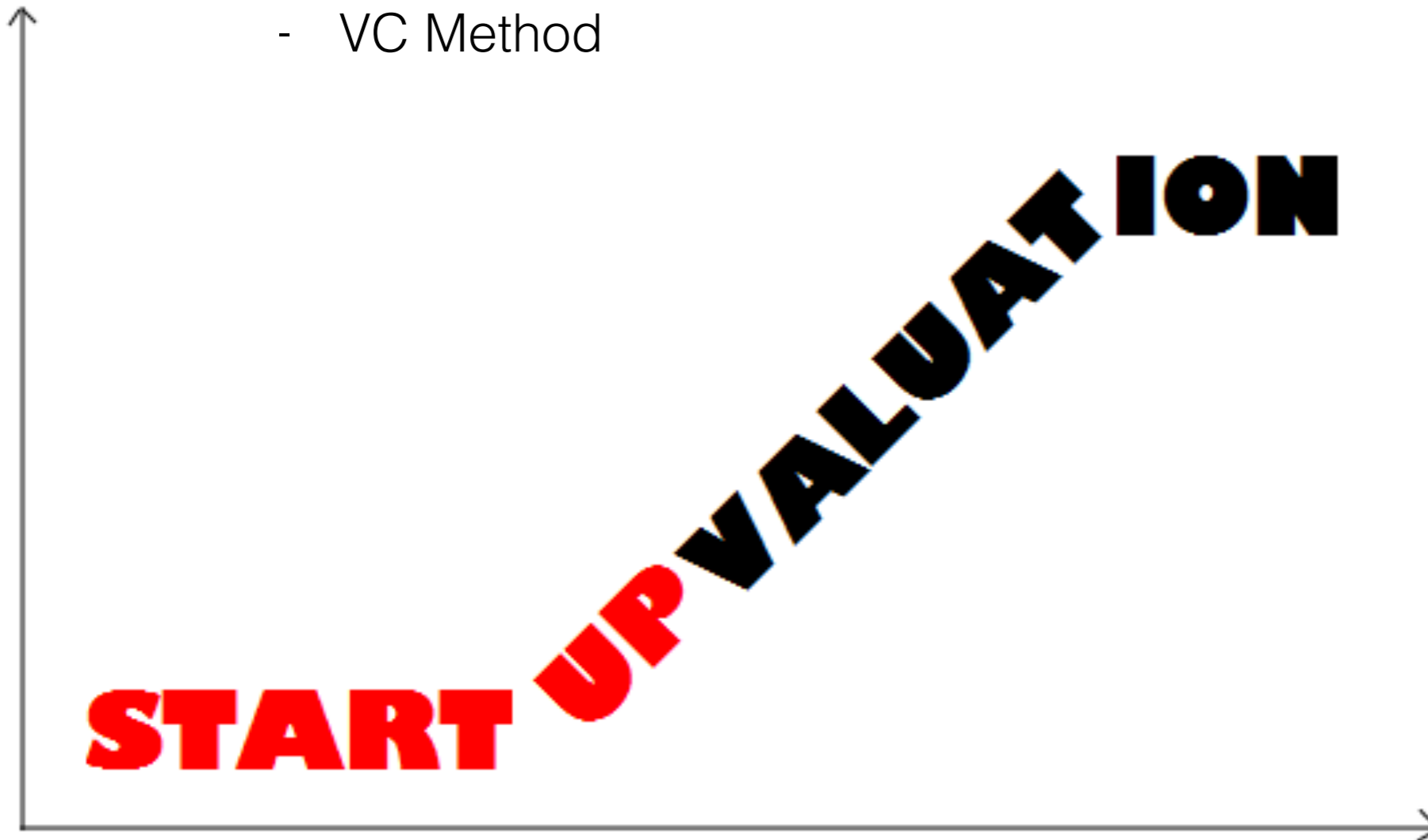


	你以為的valuation		其實實際的valuation	
Existing shareholders	8M	80%	6M	60%
New investors	2M	20%	2M	20%
Option pool			2M	20%
Total valuation	10M	100%	10M	100%

-  of your company

Valuation

- Don't go after big valuation : Unicorn is for Gov, VCs, Incubators.
- Best and simplest method:
How much you need x how much you're willing to give out
- <https://angel.co/valuations>
- VC Method



VC Method

$$\text{ROI} = \text{Exit Value} / \text{Post-money Valuation}$$

$$\text{Post-money Valuation} = \text{Exit Value} / \text{ROI}$$

You	Ask for	0.5 M
Asumption	Revenue at exit yr	20 M
	After tax earning # (15% of rev)	3 M
	P/E ratio	15 X
	ROI	20 X
	Exit Value	45 M
	Post money valuation	2.25 M
	Pre money valuation	1.75 M
	% for VC	22.22 %

- Preferred Stocks

- A. Liquidation Preference

- B. Antidilution

- C. Protective Provisions: Veto Right

- Sell the Company
 - Issue more stocks
 - Change the terms
 - Change the size of board of directors

- D. Dividends

- E. Redemption Rights

- F. Right of First Refusal (pro rata right)

- G. Voting Right

- H. No-Shop Agreement



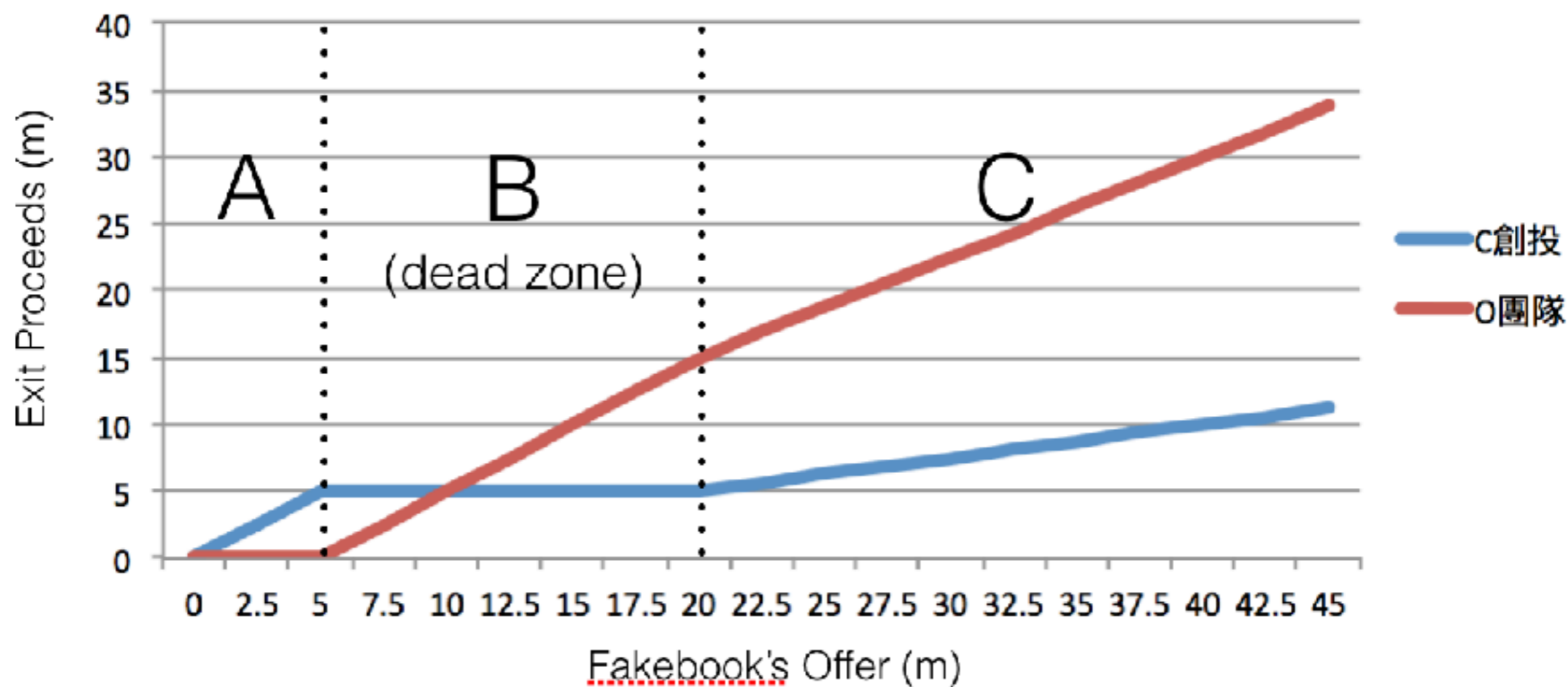
- Liquidation Preference

(X times Preference+ X times participation)

			Percentage
Investor	5	m	20%
Pre-money	20	m	80%
Post-money	25	m	
Offer	100	m	case 2: 30m
			As-converted
1X preference, no participating			
Investor	5	m	20
Founders	95	m	80
1X preference, fully participating			
Investor	24.0	m	
Founders	76.0	m	
1X preference, 3X participating (Capped participation)			
Investor	15	m	
Founders	85	m	

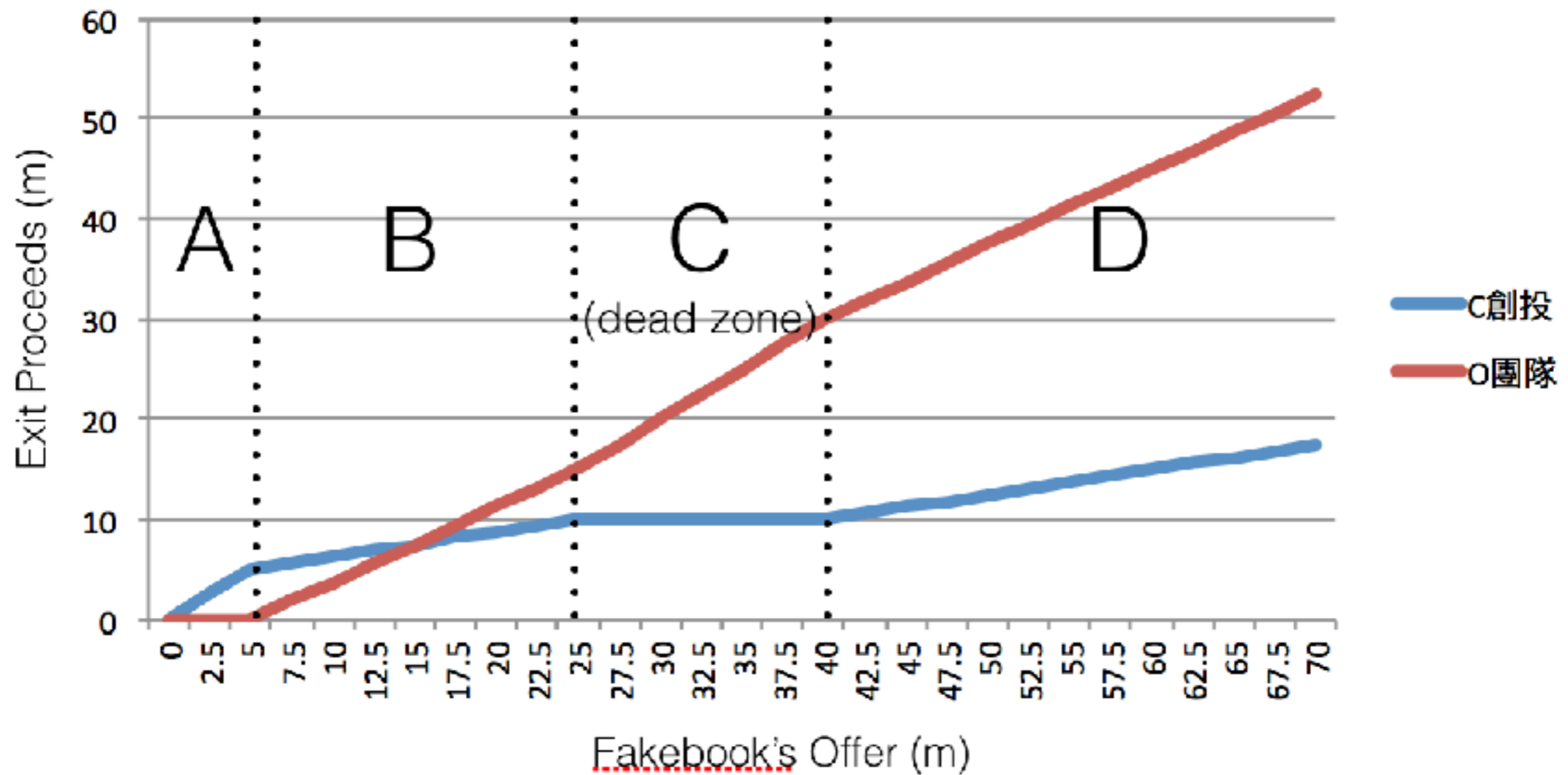
(Stacked preferences v.s Pari passu)

1X Preference , nonparticipating



製表：TK Chen @ QuestVP

1X Preference , 2X participating



- Antidilution

(Down round時改變轉換價格，並非都不被稀釋)

1. Ratchet-based antidilution

Full ratchet、Half ratchet....etc



2. Weighted average antidilution

$$\text{New CP} = \text{Old CP} * \frac{\text{CS} + (\text{New \$} / \text{Old CP})}{\text{CS} + \text{New \# Shares}}$$

Where, **New CP** = New Conversion Price
Old CP = Old Conversion Price
CS = Number of shares of common stock outstanding
New \$ = The aggregate dollar value of the stock sold in the dilutive issuance,
and
New # Shares = The aggregate number of shares issued in the dilutive issuance

Weighted average antidilution (Conti)

Company iROCKS		
Common Stock	1,000,000	shares
Series A Preferred Stock put in \$500,000 (\$1/per share)	500,000	shares
Series B Preferred Stock put in \$1,600,000 (\$2/per share)	800,000	shares
Option pool	100,000	shares
Total	2,400,000	shares

New Investor put in \$1,00,000 (Down Round)		
Series B Preferred Stock (\$0.5 / per share)	2,000,000	shares

$$\text{New CP} = \text{Old CP} * \frac{\text{CS} + (\text{New \$} / \text{Old CP})}{\text{CS} + \text{New \# Shares}}$$

① Broad-based

$$\text{Series A NCP} = 1 \times \frac{2,400,000 + (1,000,000/1)}{2,400,000 + 2,000,000} = 0.77$$

$$\text{Series A \# of shares} = 500,000 \times (\$1 / \$0.77) = 647,059$$

$$\text{Series B NCP} = 2 \times \frac{2,400,000 + (1,000,000/2)}{2,400,000 + 2,000,000} = 1.32$$

$$\text{Series B \# of shares} = 800,000 \times (\$2 / \$1.32) = 1,213,793$$

② Narrow-based

$$\text{Series A NCP} = 1 \times \frac{500,000 + (1,000,000/1)}{500,000 + 2,000,000} = 0.60$$

$$\text{Series A \# of shares} = 500,000 \times (\$1 / \$0.6) = 833,333$$

$$\text{Series B NCP} = 2 \times \frac{800,000 + (1,000,000/2)}{800,000 + 2,000,000} = 0.93$$

$$\text{Series B \# of shares} = 800,000 \times (\$2 / \$0.93) = 1,723,077$$

簡介Convertible Note

- 可轉換公司債：債權轉股權
- 快速、簡單、便宜
- 變形：YC的SAFE 和 500Startups的KISS

Convertible Note 的四大重點	
Valuation Cap	當下一輪估值飆高時保護投資人
Discount	同上
Interest Rate	有利息，是債權的特性
Conversion	何時將債權轉成股權



跟投資人的談判技巧

- 為什麼要找創投？且為什麼要找這個創投？
- 估值
- DD your investors
 - 態度
 - 投資階段
 - 基金目前狀況
 - Valuation
- 知道什麼該爭取、什麼該放
- track record、traction、relationship (referral)
- BATANA: Best Alternatives to a Negotiated Agreement
- 被拒絕了該怎麼辦？



推薦書籍



Venture Deals:
Be Smarter Than Your Lawyer and Venture
Capitalist



創業投資聖經：
Startup募資、天使投資人、投資契約、
談判策略全方位教戰法則