

PODIM conference attendance

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1. Introduction (max. 1 page)

PODIM (the largest and leading conference on entrepreneurship, startups and innovation in the Alps-Adriatic region) was held on May 10th and 11th 2017 in Maribor. During the conference, there were several sessions and workshops, among which project INTRA was hosting the event on May 11th: **Smart Access to Global Markets**. Apart from the INTRA hosted event, there was also a very practically oriented workshop held on May 10th: **How to prepare materials for investors**; by Nicolaj Højer Nielsen.

2. Brief info on the event

There are two specific events that took part at the PODIM conference 2017 that I would particularly like to point out:

How to prepare materials for investors; by Nicolaj Højer Nielsen (held on May 10th),
Smart Access to Global Markets; hosted by Igor Šiškin (held on May 11th).

a) How to prepare materials for investors:

The session was primarily for start-ups, giving practical advice on how to approach potential investors. It covered the entire spectrum of SME fundraising, from tools to help start-ups identify the most likely group to invest at a certain point of their development, right down to preparation of a targeted pitch of the product, the logic of which can easily be transferred into all areas of self-presentation and is not limited to start-ups only.

The session was basically the live presentation of materials gathered in the Start Up Funding Book, as the presenter is the author of the book, thus there was the same logic at the presentation.

The very first thing you need to determine is, if you really need external funding and is it for setting up or expanding your company. In cases of just surviving until you attract first customers, searching for investors is not recommended, you should be able to cover that out of your own costs.

With this being clarified, you need to understand where in the “investor matrix” you are:

High ↑ RISK ↓ Low		
INVESTOR MATRIX	Low ← REWARD → High	

Source: www.startupfundingbook.com

Your position within the investor matrix can be determined by further tools provided in the author's book, and is determined by: 1) Your market, 2) Your business model, 3) You and your team, 4) Your progress/traction.

Next the overview of types of external funding were analysed and the difference between different types of funders were explained, also considering the expected phase in which a certain type of funding would get involved to support the business:

Idea	Team	Prototype	Launch	Users	Revenue	Growth	Profits
						Banks	
						Venture capital	
						Business Angels	
						Accelerators	
						Public support	
						Friends and family	

Source: www.startupfundingbook.com

Venture capital invests in companies that can be resold for profit in a relatively short period of time, which involves high rewards, but are therefore usually also prepared to take high risks;

Startup accelerators are looking for a similar profile as venture capital, just on different scales;

Business angels do not only look at the investment return, but are also interested in the product due to personal feelings towards the issue the product is addressing and might also desire to be personally involved in further development.

Banks are not interested in how big the business will become, as they do not provide equity but lend money in return for interest, therefore they are willing to take only low risk companies;

Friends/family don't invest in your business, but you personally, so there is not always financial logic behind their investment;

Public support should not be overlooked, as it provides financial support to start ups in various forms.

This goes to show that in the initial phase the most important asset you have is the trust people place in you, as initial investors are the people who know you personally; and further into development, it's the trust you've built up with your commitment and quality of work. Therefore, the last part of the session was dedicated to self-presentation, which helps you gain investors' trust in you and your start-up, which was explained in 3 steps.

First contact, if possible, should be done by a mutual contact and is usually done by phone (can be also done by e-mail) and must generate interest. It should include a clear message why your case is interesting to the investor and how it fits in with the investments they make (therefore you need to make a desk research of the investor before contacting them). Next it must show your credibility (past record, relevant education, previous experience, companies you've worked for/with – here you should mention the mutual

contact if they were the ones introducing you). Finally, ask them for permission to send more information – the executive summary.

The executive summary must be kept short (one page). It does not serve to get the investment yet, it serves to get the meeting with the investor, so describe your company and the opportunity it presents for the investor. By keeping it short, you avoid information overload, which makes you focus on the key message you want to get across to the investor. If enough interest is gathered, the meeting will follow.

For the third step the **pitch deck** tool was presented:

- *Introduction* a slogan describing what you do (simple message that sticks);
- *Team* who you are and what competences you all have (trust building);
- *The problem* you are solving provides you the market (people with that problem), so try and present the numbers (i.e. every third person aged over 60...);
- *Your solution* should not be presented as technical solution (why it solves the problem), but what the advantages of your solution for the customer is (faster, more durable, lighter, more friendly to environment), usually in comparison to existing products (or comparable);
- *Your unfair advantage* is what makes you better than the competition (better insight into the problem, IP competition doesn't have, you've found out a way to improve that hasn't been done yet...) – you need to tell. Do not fear the risk of your idea being stolen (don't bring a non-disclosure agreement – it will only have a negative effect). Present the advantage in a way the investor will trust it's easier to fund you than to start developing from scratch, and don't give out technical details which could jeopardise your IP (if any).
- *Competitive landscape* presents others who are also solving the same problem. If there really is nobody who is trying to solve the problem – ask yourself if the problem really exists?
- *Business model* should clearly show, where and how you plan to make money;
- *Traction* should show what you have already accomplished;
- *Market* is always the biggest concern for investors, as it might not be big enough. There are two basic markets EXISTING – where customers are already spending money on similar products and you will cut into that market; NEW – where customers are not yet buying products that solve the exact problem you're addressing and it's therefore difficult to predict the size of the market.
- *Go to market* explains how you'll enter the market with your product (marketing/distribution strategy) and how will you make it in a cost-effective way?
- *Finances* should include a prediction of the money you will make. It should be connected to the budget plan you have and reflect the money you're asking for and the go to market strategy you're presenting, to reflect the realistic projection of your income from the product;
- *Milestones* should present the next steps you will make as funding will probably be connected to these milestones (need so much for production of the first line of product; next need so much for marketing campaign; next need so much for expending...);

- *THE ASK* part of the presentation is the most straight forward, tell the investors how much money you're looking for and what you offer in return. You should also explain, how the money you are asking for will bring you along in the development;
- *Summary* is the part of presentation you should use when opening the question and answer round. Up to this point you were presenting, so you need to give the investor opportunity to ask you questions. With a summary of the presentation visible to the investor, it's easier to have a Q/A discussion.

The logic of presenting one's company through a pitch deck can also be used for designing the website, or preparing other presentations.

b) Smart Access to Global Markets:

The event was "powered by INTRA" as Maribor Development Agency was the co-sponsor of the event, which gathered the audience of 70 people.

It was a moderated discussion with 4 experienced entrepreneurs, who were experts on various markets, with moderator also providing the experience on his behalf. The speakers were: Magda Kwoska (presenting the experience from European markets), Stuart Browne (presenting the experience from Latin American markets), Sunil Sharma (presenting the experience from North American markets) and Jure Tomc (presenting the experience from Asian markets).

The discussion presented many important aspects of international markets, among other the perception people have about markets. The Polish and Canadian markets were considered to have the approximately same size, but the Canadian market is considered as a rather small market, while the Polish market is considered a rather large market, within their own territorial region.

The business culture in certain large global markets are also different, and one cannot always expect a stable political and legislative situation. Therefore certain markets are risky and start-ups need to be sure it is worth entering them in the first place.

Furthermore, barriers while entering a market were presented, which call for local experts to be involved. The barriers are many times linguistic, logistic or cultural, therefore before trying to enter a foreign market, one should first be somewhat familiar with the situation – which can only be done by a personal visit (given examples were: pollution and dense traffic making it extremely difficult to travel short distances within huge metropolitan areas, causing delays in daily business; lack of language skills makes communication extremely difficult in certain markets; misunderstandings cause difficulties in setting up partnerships if no intermediate is involved).

Suggestions were made, on how to overcome such issues. For start-ups, it was suggested to have multinational teams of the same start-up, with local experts in various markets (making local experts part of the team).

Also, it was suggested the star-ups use accelerators and other similar business support ecosystem in foreign countries as part of their market entrance strategy.

A specific suggestion was also made, to attract foreign start-ups to the national market, by presenting the advantages, which do not necessarily have to be of economic nature (safety, high standards of living in terms of clean water, air, developed educational and

health system...), especially with the political changes happening in the US with current anti-immigration policy.

The general consensus was, to use existing experts on a foreign market to support the entry (if possible, national experts who are already present on that market and successful, or local experts with international experience) and to get familiarized with the daily situation on the market you are entering, to detect potential unexpected barriers, especially if originating from non-business sources.

3. Recommendations and next steps

The tool of pitch deck is a very useful tool. The further descriptions can be found in the book: Startup Funding, by Nicolaj Højer Nielsen and the overall step-by-step logic of start-up funding is useful to be presented in the pre-incubation period already.

The general analyses of the global markets clearly showed the differences in global markets, with understanding a foreign market before entering it is of crucial importance, thus the services of local experts, familiar with the market are also invaluable.

4. Annexes

- Photos

Annex 1: Photos

Nicolaj Højer Nielsen presenting the investor matrix



Smart Access to global markets (event photos)





