



Chips Finance Lab Masterclass



June 18th, 2024

New EIB's Advisory services for the Semiconductor sector

Eligible companies can benefit from **FREE financial advice** to access financing and participate in **ecosystem development activities**.

FINANCIAL ADVICE



Review of investor material



Review of business plan, financial model, commercial, growth and scale-up strategy, pitch deck, investor memorandum



Independent valuation of your company



Advice on bankability and financing options



Eligibility assessment for a potential EIB due diligence process and guidance on appropriate EIB financing options

ECOSYSTEM DEVELOPMENT ACTIVITIES



Invitation to join sector-specific Finance Labs, workshops, roundtables relevant to the sector with other companies and EU institutions



Invitation to closed LinkedIn Group & latest news on market trends



Participate in consultations on new financing schemes for the sector

Session Overview

PART I

The Fundraising Process – 45 min

Q&A - 15 min

BREAK – 10 min

PART II

The Fundraising Materials – 45 min

Q&A – 15 min

WRAP-UP – 10 min

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slido.com
#EIB



Speaker Bio



Jason Ball

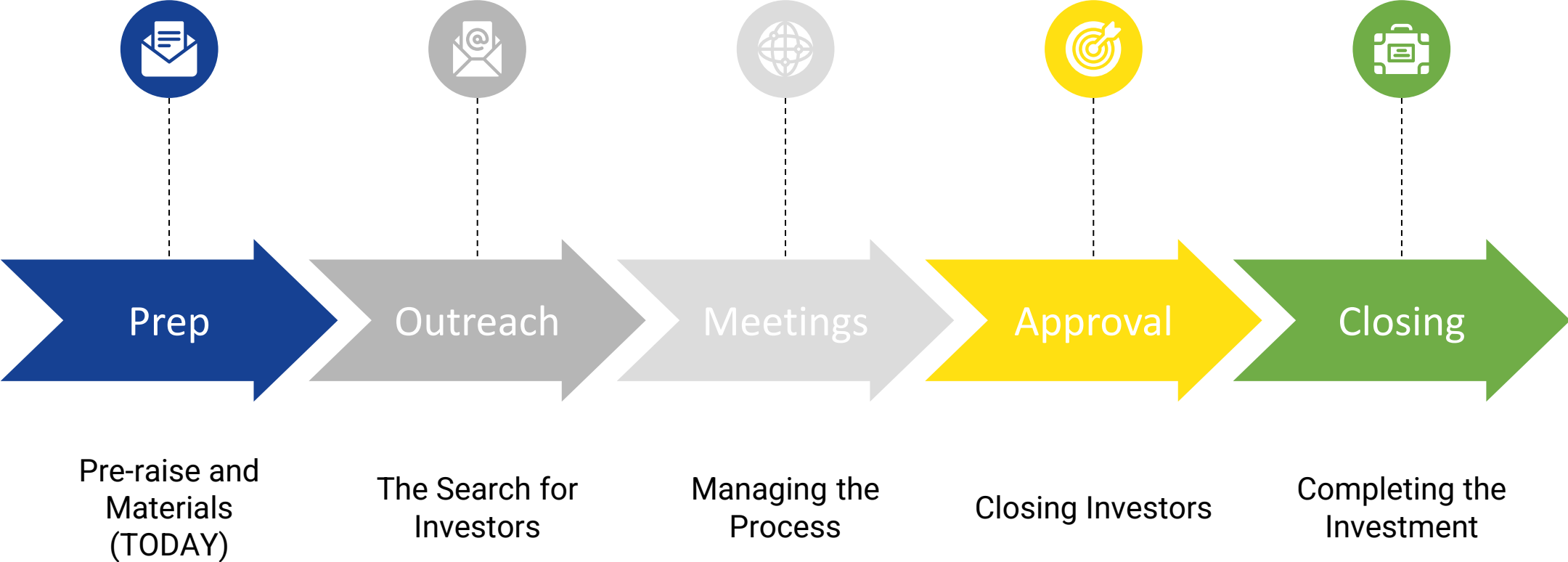
QUALCOMM[®]
VENTURES

LONDON SEED CAPITAL
backing early growth



 TECH NATION 

Part I – The Fundraising Process



Time to completion: 6 MONTHS
NDAS – come later

BACKGROUND WORK

01 THE MINDSET

02 TIMING

03 GEOGRAPHY

04 ENVIRONMENT



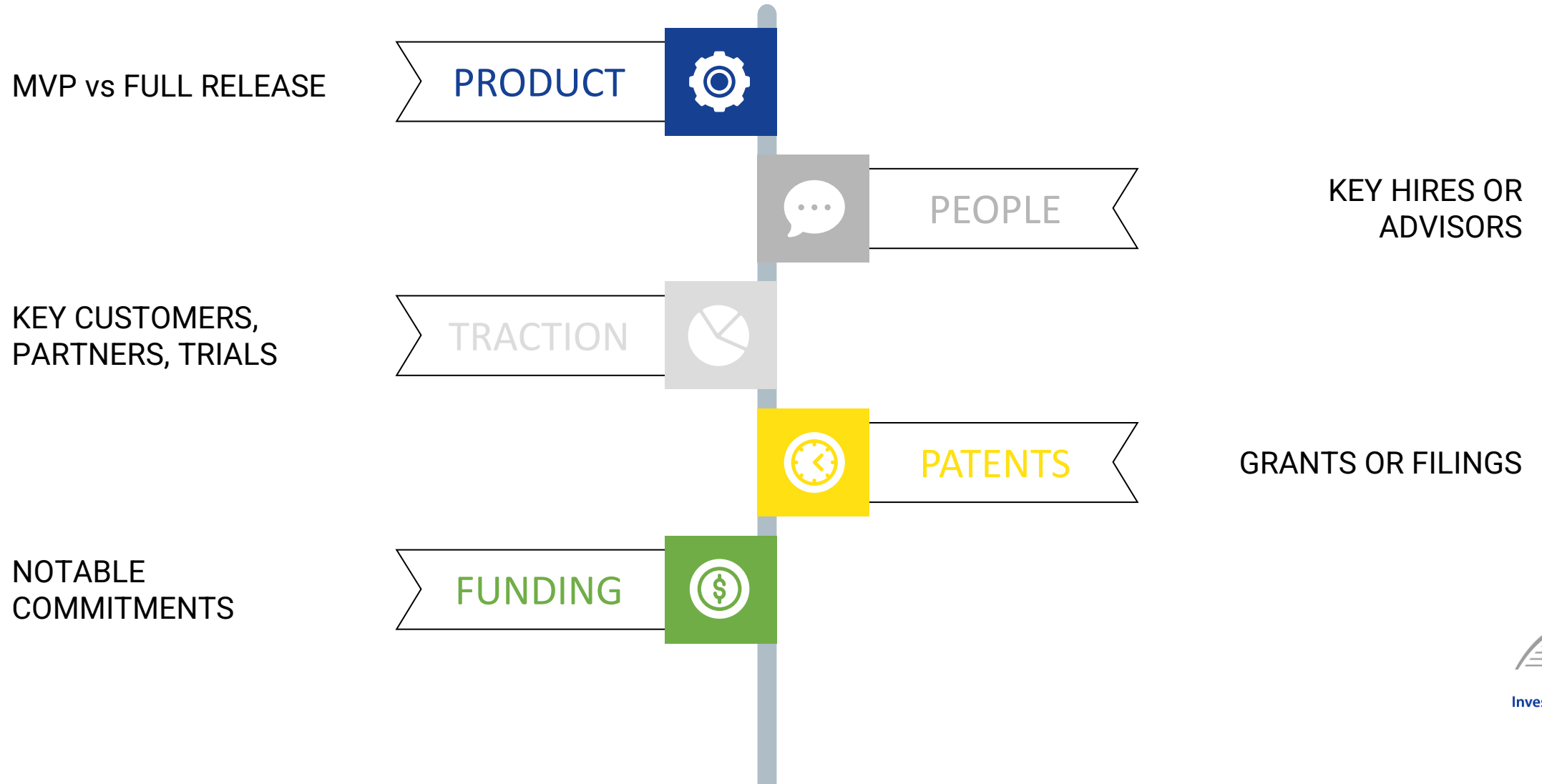
FUNDRAISING AS “DATING”: PREP, WIDE FUNNEL, REJECTION, PRACTICE, TIME REQUIREMENTS

THREE WINDOWS TO CLOSE FUNDING

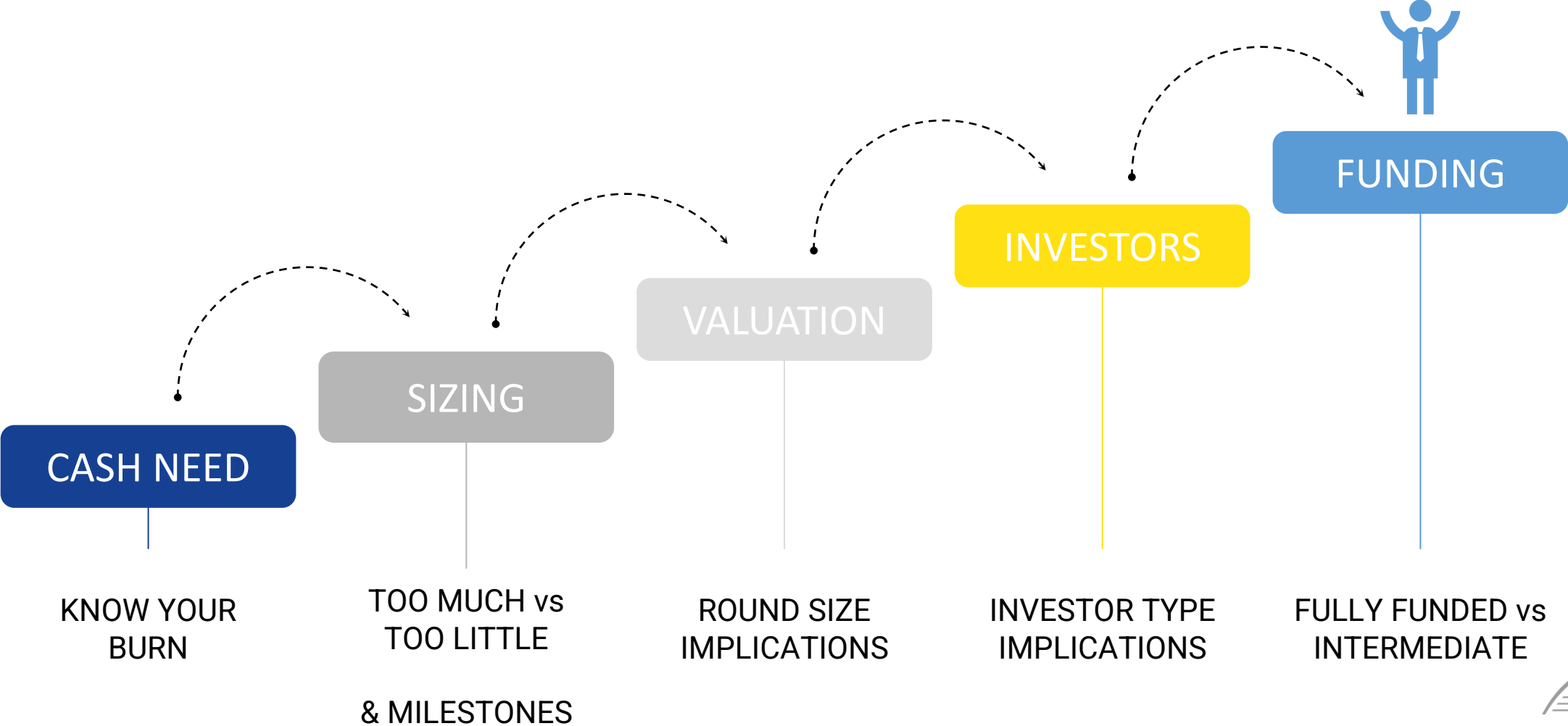
CLOSER IS BETTER

CONSERVATIVE VC ENVIRONMENT

WHEN TO FUNDRAISE – MILESTONE BASED

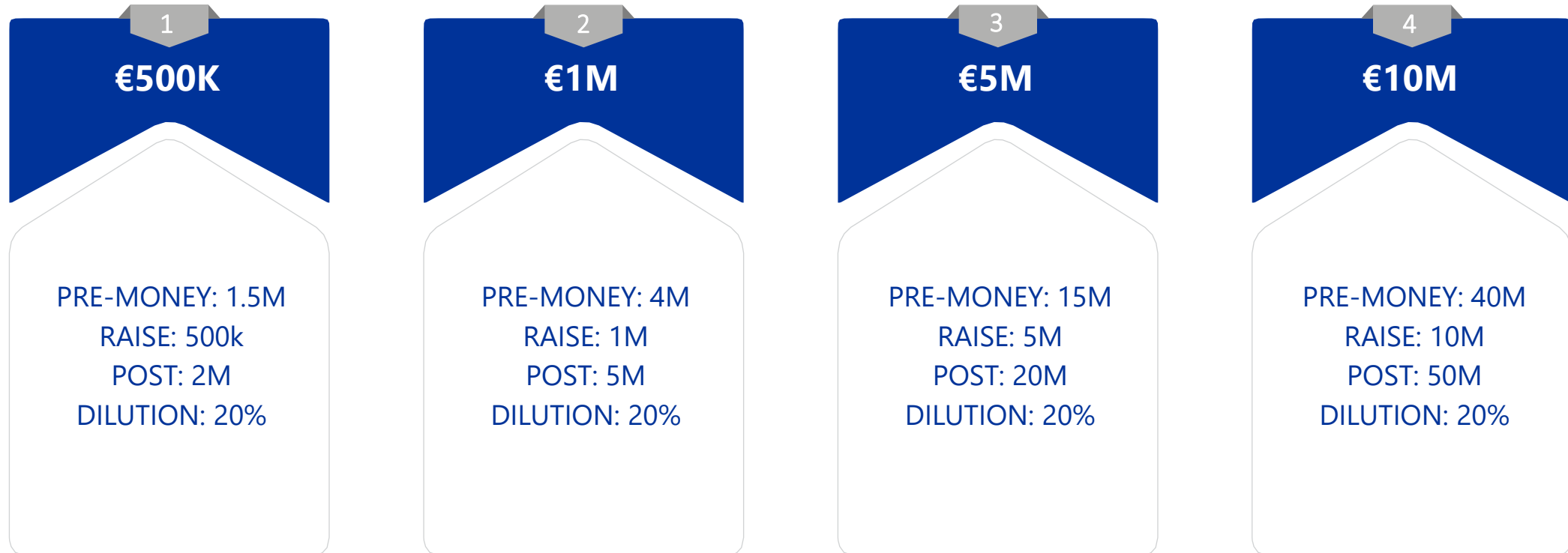


HOW MUCH TO RAISE



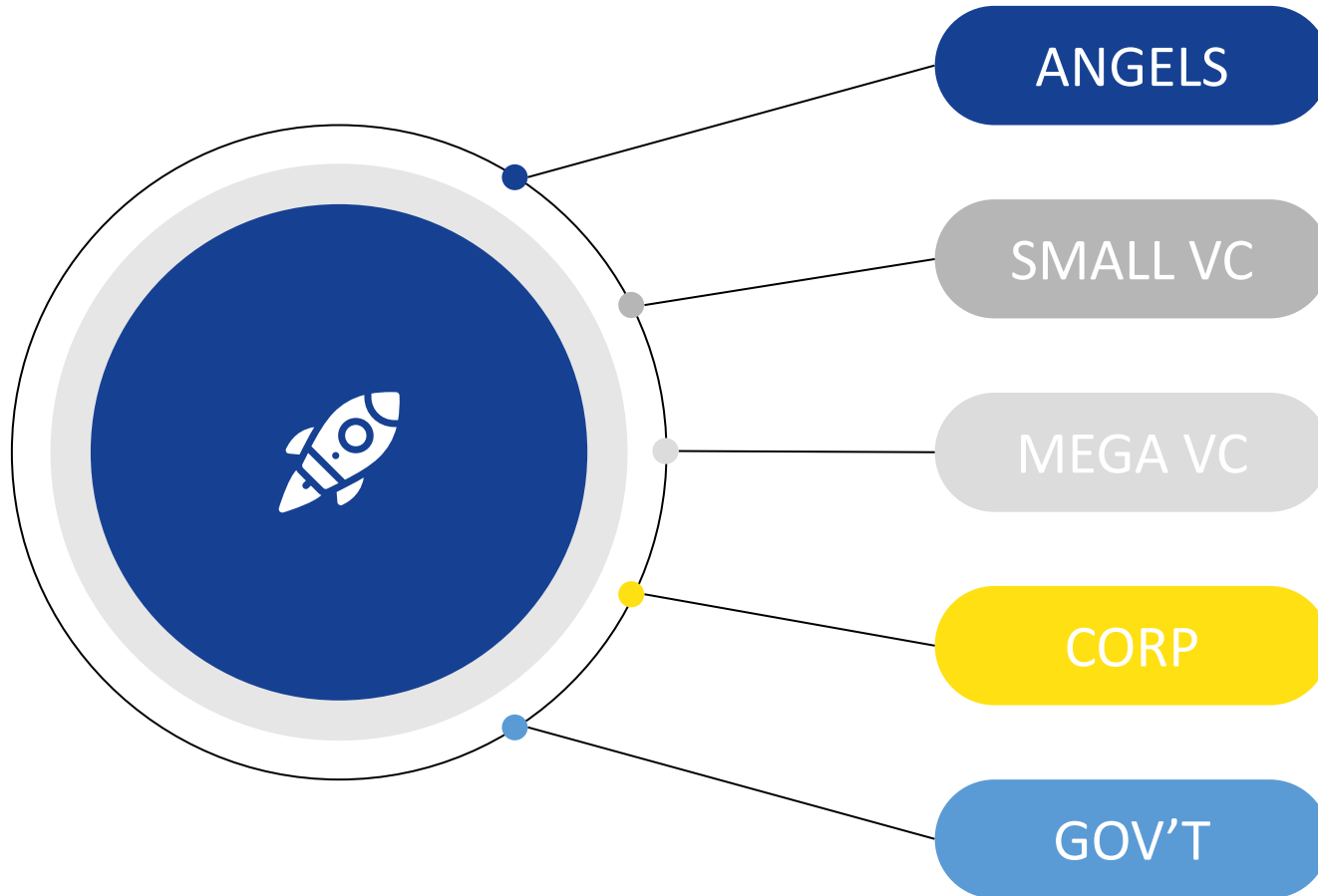
VALUATION EXAMPLES

Rule of Thumb: 20% dilution for any given round, not DCF driven



*Do not include a valuation in your materials, Part II

TYPES OF INVESTORS



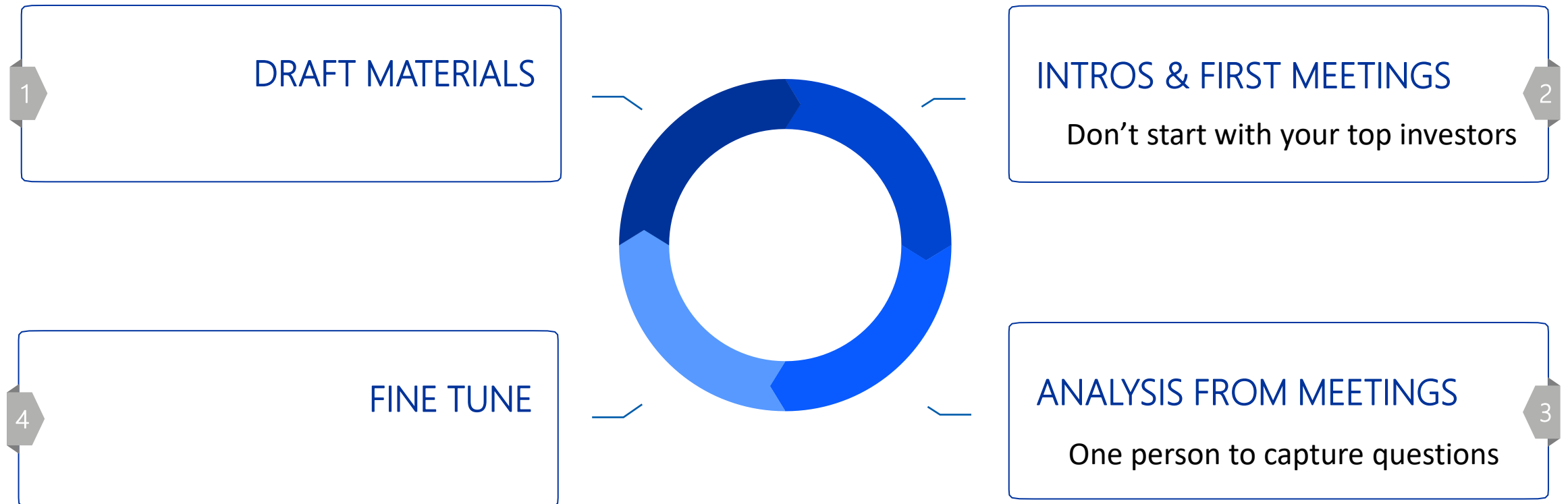
Investor Characteristics

- Great network
- Great brand
- Deep pockets
- Sector expertise
- Deal experience
- Level of involvement

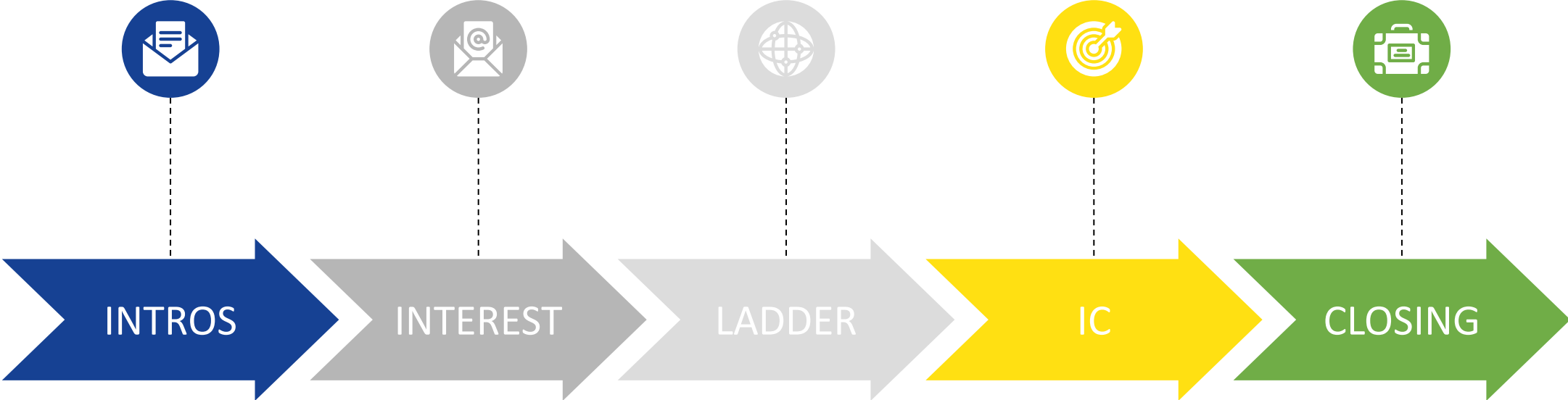
Bonus Points

- Visionary
- You get along

OUTREACH – AN ITERATIVE PROCESS



MANAGING THE PROCESS AND PIPELINE



DIRECT OUTREACH

FIRST MEETING

SECOND MEETING
MEET PARTNER
MEET ALL
PARTNERS

INVESTMENT
COMMITTEE

DUE DILIGENCE
LEGALS

DILIGENCE AND LEGALS



1

Due Diligence List

2

Term Sheets

3

**Shareholders Agreement,
Articles of Association**

Example DD:

Corporate (Cap table, Directors, Group companies)

Finance (Outstanding loans, audited accounts)

Commercial agreements (T&C's, contracts, suppliers)

Employment (Service agreements, option plan)

IP (List of registered IP, software, open source, infringements)

Data protection (any personal data, compliance)

Regulatory, Claims & Disputes, Insurance

Other Fundraising Considerations



1

Storytelling is fundamental

Slide notes:

It's a story (why are you doing this, why you, why now)

Investors are people you're going to work with for many years

The buying points (investment)

The selling points (exits)

The 3 Ps, the 3 Ds - The Developer (builder), The Designer (product visionary), The Distributor (hustler)

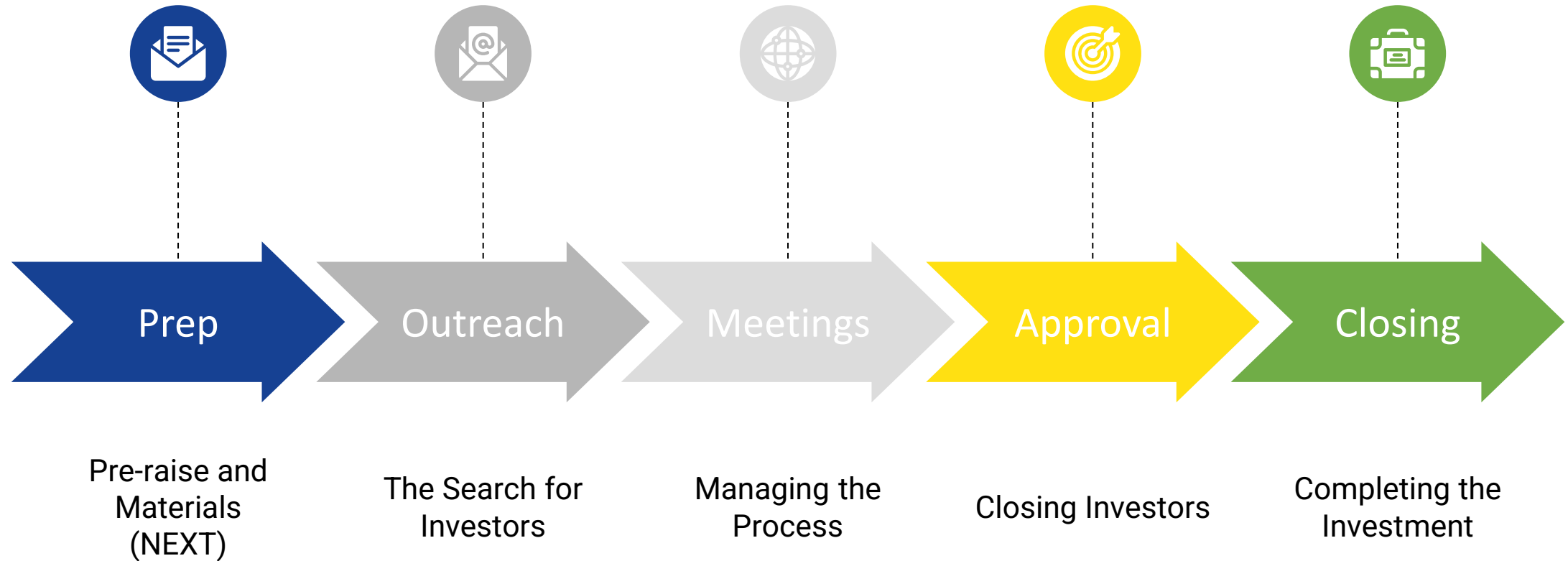
2

The human element

3

What investors are looking for

The Fundraising Process Summary



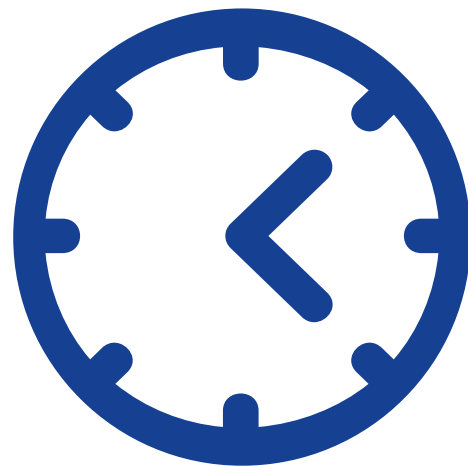
Q&A

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10 minute break



Part II: The Fundraising Materials

1. Company introduction and summary
2. Pitch Deck
3. Pitch Deck+ (additional details)
4. Financial Model
5. Cap Table
6. IP overview
7. Appendices
8. Online materials

Company Introduction and Summary



1

This will be used 100s of times

Examples:

2

Have a one-line description:
“What we do”

“We make next generation AI chips”

3

Write the shortest summary
possible. 2-3 lines.

“We make next generation AI chips, our founding team is ex Nvidia, product shipping, currently raising \$2M seed, 50% committed.”

The Pitch Deck Outline

The basic must-have slides for live presentations

1. Cover slide
2. The Problem
3. The Solution
4. The Demo – Show off your product
5. Underlying magic / technology
6. Market and Competition
7. Team
8. Milestones / Timeline
9. Financials / Business Model / Traction
10. Summary

Key Principles:

Less is more, simplify

10/20/30

VCs are extremely time constrained

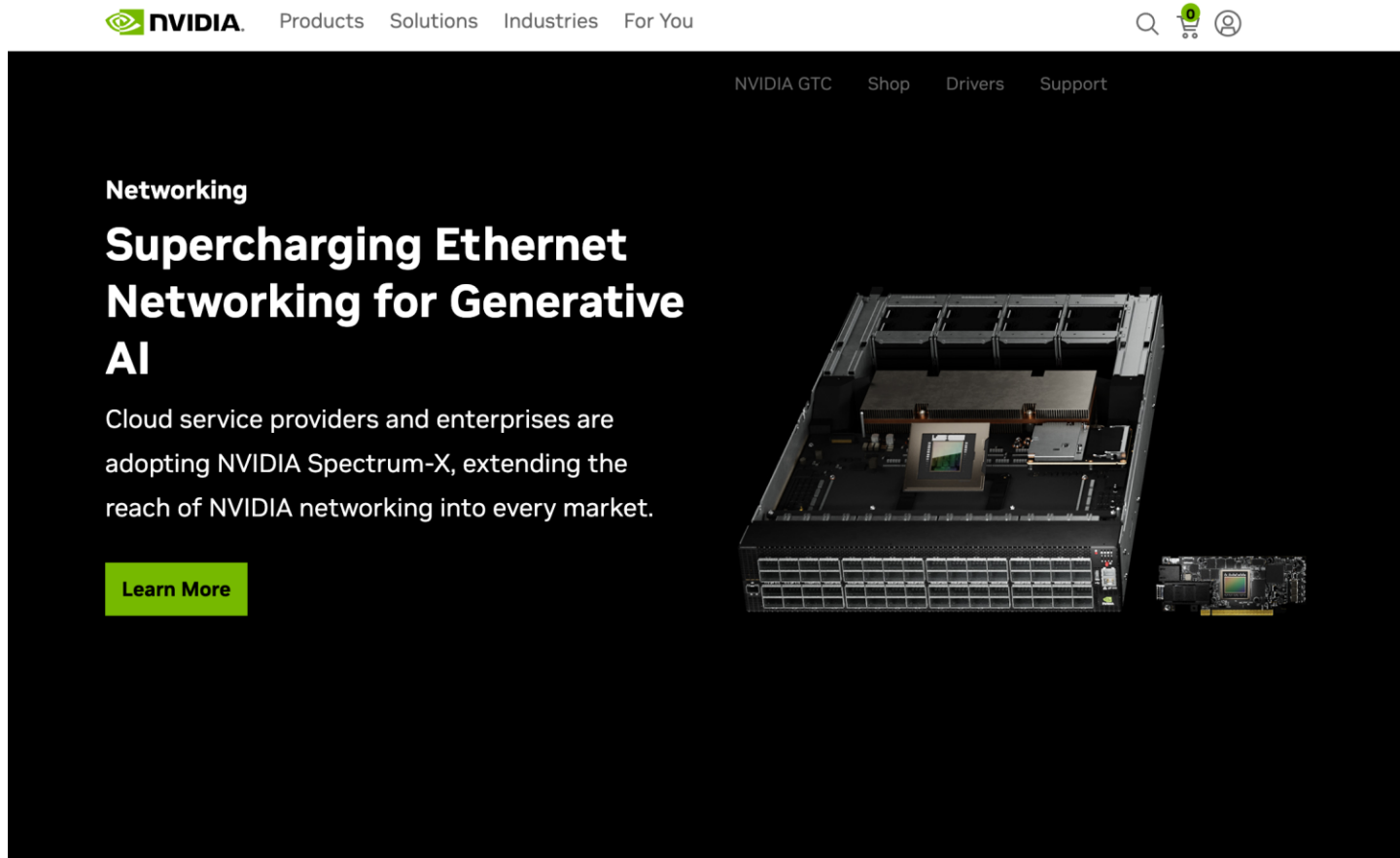
Design matters

Details matter

First impressions are everything

Each step takes you to the next step

Cover Slide: The First Impression



Slide notes:

The first slide should position the company so there is a framework for listening.

Company Name (and appropriate graphics)

Use your one line “What we do”

Presenters name

The Problem



1

Describe the customer need

2

Describe the customer pain

3

**Do you have first-hand
experience with this pain?
Tell the story.**

Slide notes:

You are the expert – your listener is not. Make it clear and obvious to them why this is an actual problem. Not just a solution looking for a problem.

The Solution



1

How do you solve the need?

2

What do you do that's unique?

3

**Do you have first-hand
experience with this pain?
Tell the story.**

Slide notes:

This is not a deeply technical answer.

Do not expect the listener to have a technical background.

Have a non-technical person explain your solution back to you.

The Demo



1

Live demos fail. Always.

2

Use images or recorded demos

3

Focus on benefits not features

Slide notes:

Listeners need to understand your product quickly and easily.

Identify your product's value-add (are you part of a whole solution?)... and whether customers will see *your* product as being the main component of the solution

If you have a physical product, bring it!

The Underlying Magic / Technology



1

Describe the technology

Slide notes:

2

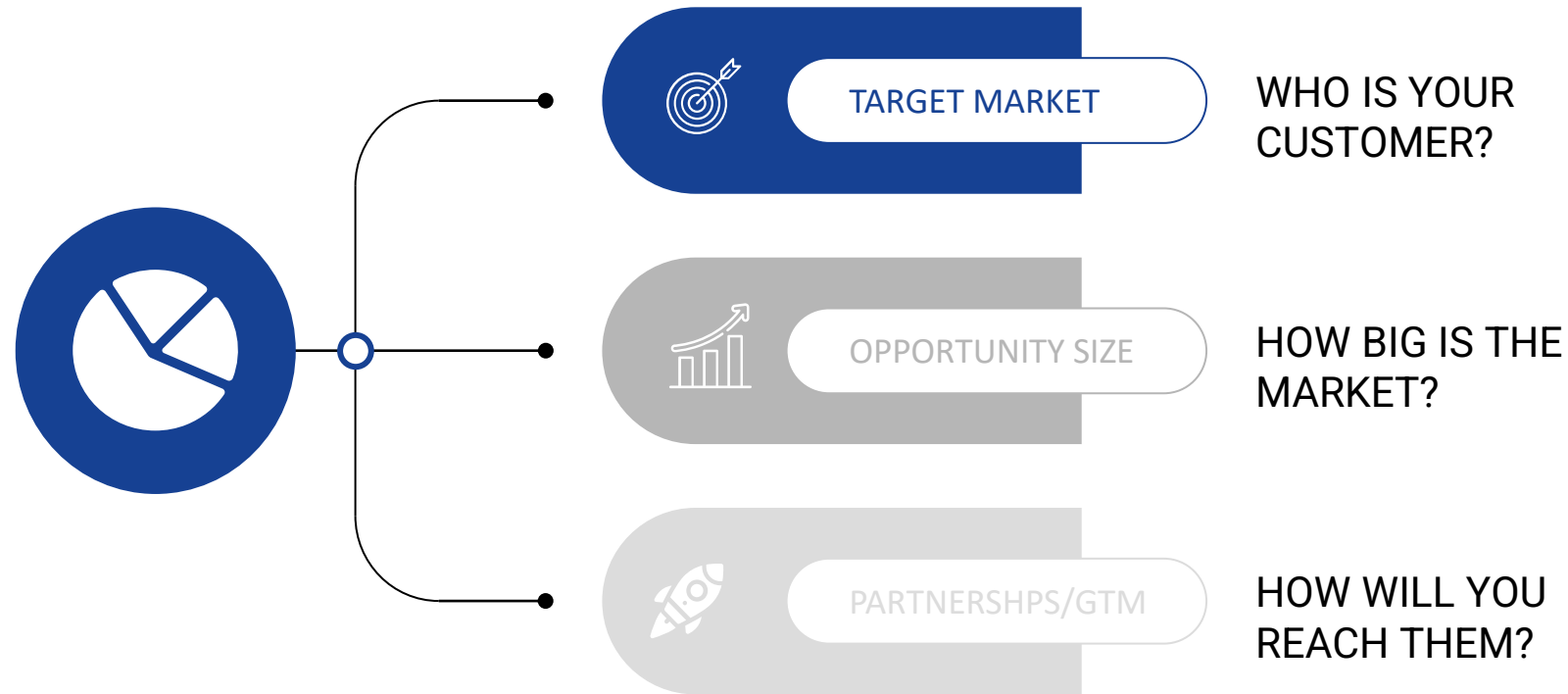
Describe the research

This is the one slide where you can be highly technical. Schematics, diagrams, code, acronyms, etc. All ok on this slide!

3

Mention any patents or IP

Market and Competition



Slide notes:

Caution: VCs fall asleep when they hear “Target Market”. The numbers are always gigantic.

Do not say “We need 1% of the the €6.7bn semiconductor market”

Give an idea of how many customers exist, and how much you can make per customer (total revenue opportunity)

Avoid talking badly about competitors

Team

CEO

Prior (entrepreneurial) experience
in similar businesses



<logos>

CTO

Proven know-how in your core
technologies



<logos>

Other / Advisors

Proven knowledge & strong
relationships with partners
&/or key customers



<logos>

Future Hires

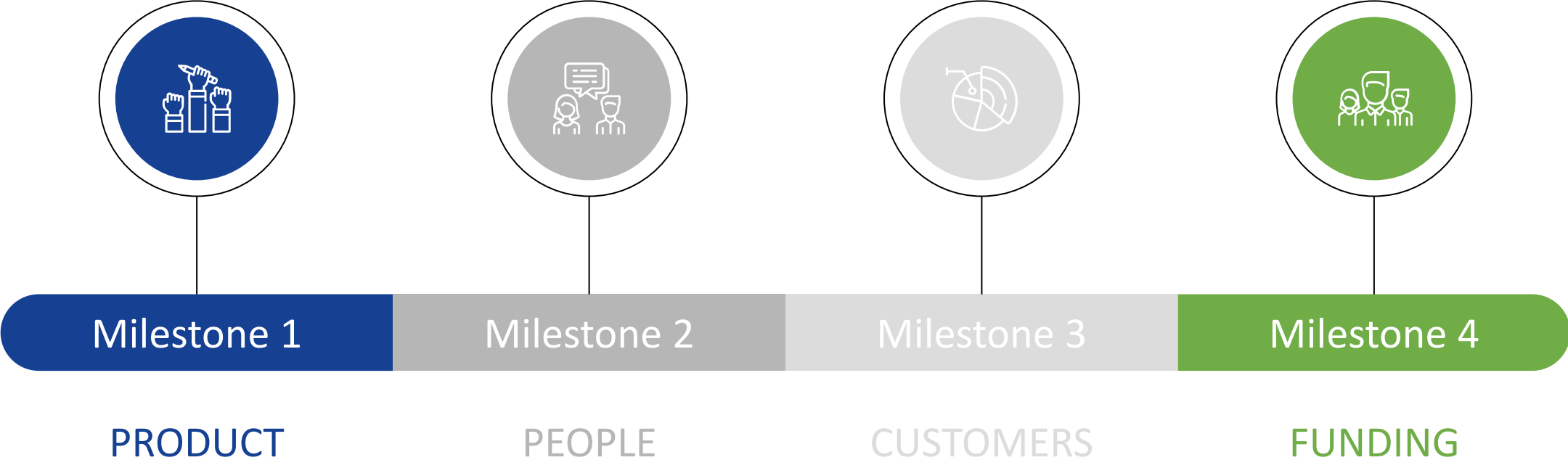
It's ok to not have everyone
onboard



<logos>

Milestones and Timeline

A visual overview of the milestones you have achieved



Financials / Business Model / Traction

Provide a P&L Summary similar to this:

	Financial Projections (€000s)				
	Last 12 Mo.	This Year	2025	2026	2027

New Customers
Units Shipped

Revenue
Cost of Goods Sold
Gross Profit
Gross Margin %
Operating Expenses
EBITDA
Cashflow

Slide notes:

Use Easy to read numbers, e.g. €1.5M vs €1,499,000.00

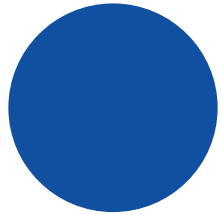
Be prepared to explain “dramatic” numbers, such as:

- “Instant” market penetration & dispersion
- “Hockey stick” growth
- Unprecedented margins
- Long periods of negative cashflow

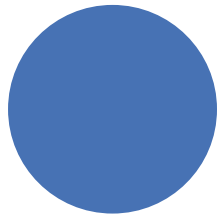
Bottoms up approach to the model based on 5 – 15 core assumptions about your business

Cash flow (and financing need) is my personal favorite
<https://foresight.is/standard-financial-model/>

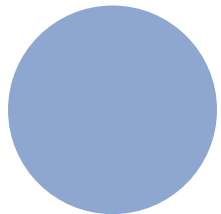
Summary Slide



Summarize 2-3 key presentation points



Contact details



Website, Twitter (X), Github

Slide notes:

Discussion time

Sit back and listen

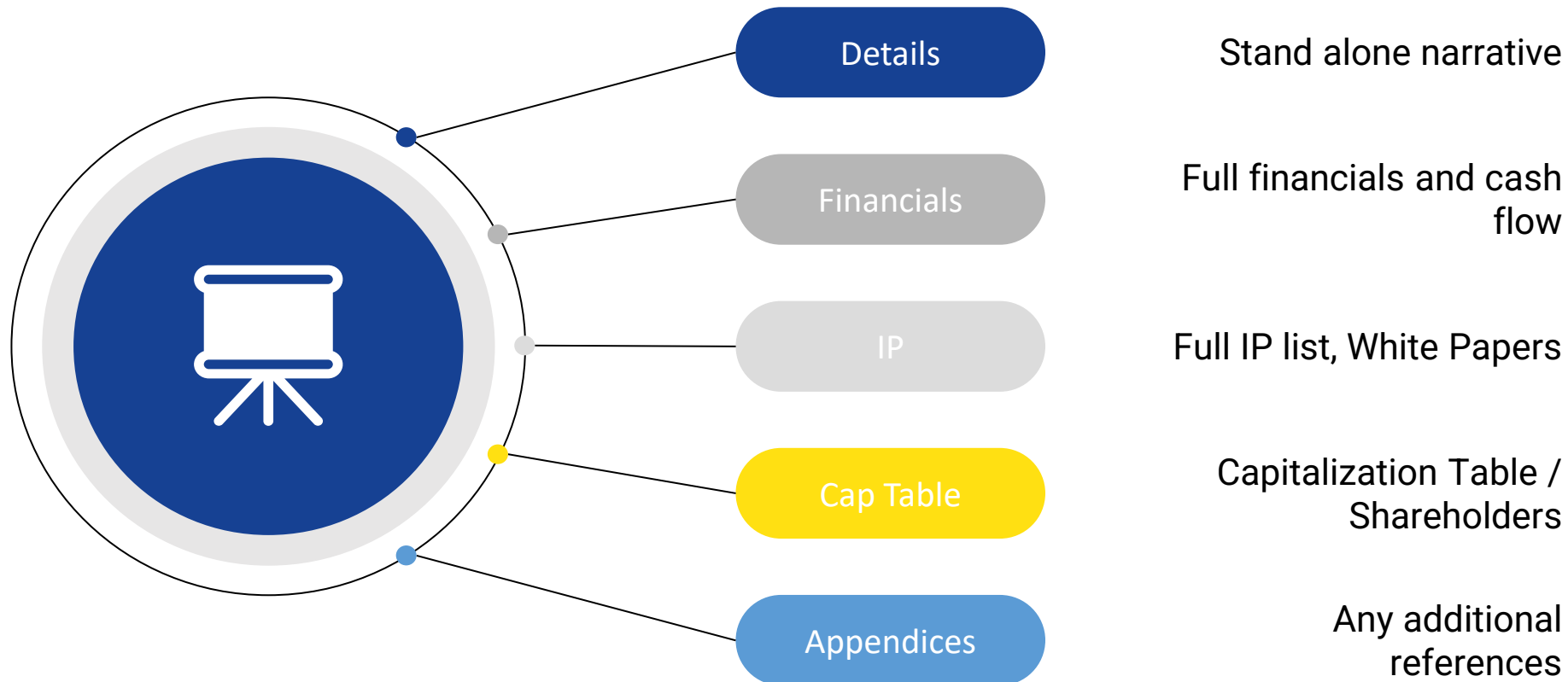
Take notes on paper with a pen

Summarize the discussion

Discuss next steps

The Pitch Deck+

The core slides above plus:



Revenue Build

Customers	2008	2009	2010	2011	2012
Existing	5	7	7	7	7
Forecast	0	1	3	4	5
Total Customers	5	8	10	11	12
Project Starts					
Mega Projects	1	6	9	10	14
Complex SoC Projects	8	8	13	20	29
Simple SoC Projects	-	1	2	2	2
Total SoC Starts	9	15	24	32	45
<i>Projects per customer</i>	2	2	2	3	4
Design Licence Mega Project \$ 600,000	744,837	3,502,145	5,382,357	6,050,424	8,314,246
Design License Complex SoC \$ 300,000	2,264,706	2,501,532	4,036,767	6,050,424	8,660,673
Design License Simple SoC P \$ 150,000	0	166,769	269,118	302,521	346,427
Design License Subtotal	\$3,009,542.71	\$6,170,445.69	\$9,688,241.92	\$12,403,368.91	\$17,321,346.79
<i>% total revenue</i>	100%	81%	64%	54%	51%
Tapeout Licence Mega Project \$ 200,000		720,000	1,440,000	2,160,000	3,280,000
Tapeout License Complex SoC \$ 150,000		675,000	1,350,000	2,025,000	3,075,000
Tapeout License Simple SoC I \$ 50,000		45,000	90,000	135,000	205,000
Tapeout License Subtotal		\$1,440,000.00	\$2,880,000.00	\$4,320,000.00	\$6,560,000.00
<i>% total revenue</i>		19%	19%	19%	19%
Volume Manufacturing License \$ 0.02			993,116	4,669,526	7,176,475
Volume Mfg. License Complex \$ 0.02			1,509,804	1,667,688	2,691,178
Volume Mfg. License Simple S \$ 0.02			0	66,708	107,647
Volume License Subtotal			\$2,502,919.58	\$6,403,922.01	\$9,975,300.94
<i>% total revenue</i>			17%	28%	29%
Total Revenue Mega Projects	744,837	4,222,145	7,815,472	12,879,950	18,770,722
Total Revenue Complex SoC	2,264,706	3,176,532	6,896,572	9,743,112	14,426,852
Total Revenue Simple SoC	-	211,769	359,118	504,229	659,074
Revenue (QCV Case)	\$3,009,543	\$7,610,446	\$15,071,162	\$23,127,291	\$33,856,648

Financials and Cash Flow

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Customers					
Existing	5	7	7	7	7
Forecast	0	1	3	4	5
Total Customers	5	8	10	11	12
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Total SoC Starts	9	15	24	32	45
Revenue (QCV Case)	\$3,009,543	\$7,610,446	\$15,071,162	\$23,127,291	\$33,856,648
Operating Expenses					
Fully-loaded Salaries	6,541,699	6,541,699	6,541,704	8,358,844	9,239,874
<i>Total Headcount</i>	36	36	36	46	51
<i>Number of Sales People</i>	10	12	12	14	17
<i>Number of Engineering Headcount</i>	20	20	20	21	25
SG&A	2,529,591	3,035,510	3,469,869	3,757,401	6,083,060
	136%	40%	23%	16%	18%
EBIT	(6,105,204)	(1,792,168)	5,098,477	11,441,914	18,533,714
<i>% EBIT Margin</i>		(23%)	34%	49%	55%
EBITDA	(6,105,204)	(1,792,168)	\$5,098,477	\$11,441,914	\$18,533,714
<i>% Margin</i>	--	--	--	49%	55%
Working Capital Requirement	119,633	708,330	919,814	993,221	1,322,797
CAPEX	270,377	471,821	739,820	1,136,000	1,136,000
Less Financing Costs	268,471	62,593	48,400	60,500	60,500
Free Cash Flow	(\$7,365,408)	(\$2,182,270)	\$3,703,452	\$8,991,335	\$17,463,512
Equity Investment	\$7,500,000	\$9,500,000			
Net Cash	\$134,592	\$7,452,322	\$11,155,774	\$20,147,109	\$37,610,620

Cap Table

Unicorn Company - Cap Table										
Captable	Convertible									
	Share Price	Pre-money	Post Money	Investment Amount	New shares					
	104.99 €	3,500,000.00 €	3,800,000.00 €	300,000.00 €	2,899					
Shareholder	Seed Shares	Commitment	Interest on CN	Pondered Commitment	Investment	total shares n.f.d.	total shares f.d.	% n.f.d.	% f.d.	Investment
Founder 1	-	- €	- €	- €	- €	10,000	10,000	27.60%	27.60%	10,000.00 €
Founder 2	-	- €	- €	- €	- €	10,000	10,000	27.60%	27.60%	10,000.00 €
Founder 3	-	- €	- €	- €	- €	10,000	10,000	27.60%	27.60%	10,000.00 €
Founder Stake	-	- €	- €	- €	- €	30,000	30,000	82.80%	82.80%	30,000.00 €
VSOP 1 (Pre-Financing)	-	- €	- €	- €	- €	3,335	3,335	9.20%	9.20%	- €
VSOP	-	- €	- €	- €	- €	-	3,335	9.20%	9.20%	- €
Business Angel 1	483	50,000.00 €	750.00 €	50,750.00 €	50,710.17 €	483	483	1.33%	1.33%	50,710.17 €
Business Angel 2	966	100,000.00 €	1,500.00 €	101,500.00 €	101,420.34 €	966	966	2.67%	2.67%	101,420.34 €
Business Angel 3	1,450	150,000.00 €	2,250.00 €	152,250.00 €	152,235.50 €	1,450	1,450	4.00%	4.00%	152,235.50 €
Angel Stake / Advisors / Employee Convertible	2,899	300,000.00 €	4,500.00 €	304,500.00 €	304,366.01 €	2,899	2,899	8.00%	8.00%	304,366.01 €
VC Stake	-	- €	- €	- €	- €	-	-	0.00%	0.00%	- €
Total	2,899	300,000.00 €	4,500.00 €	304,500.00 €	304,366.01 €	36,234	36,234	100.00%	100.00%	334,366.01 €



Source: <https://medium.com/cherryventures/cap-table-magic-made-easy-9a1cb56732eb>

Intellectual Property

Filed Patents

	INPI (France)	USPTO (USA)	EOP (Europe)
QoS- for transaction	03/88988	10/985,445	04 292114.3
Agile Lock	03/88988	10/985,445	04 292114.3
Error Forwarding	03/88989	10/985,446	5 292114.3
Arbiter with dynamic priority level	03/88990	10/985,447	6 292114.3
Performance monitoring	03/88991	10/985,448	7 292114.3

Granted Patents

QoS- for transaction	03/88988	10/985,445	04 292114.3
Agile Lock	03/88988	10/985,445	04 292114.3
Error Forwarding	03/88989	10/985,446	5 292114.3

Appendices

Some examples of additional info

- 1. Cited research**
- 2. Market reports (Gartner)**
- 3. Customer endorsements**
- 4. Media coverage or interviews**

Online Materials



1

Website, LinkedIn, Twitter (X)

2

Docsend

3

Notion

Slide notes:

All online materials should be on brand

Online materials are easily shared

Docsend, Notion – easily updated, control views

Q&A

slido

Join at
slido.com
#EIB



Wrap-up

New EIB's Advisory services for the Semiconductor sector

Eligible companies can benefit from **FREE financial advice** to access financing and participate in **ecosystem development activities**.

FINANCIAL ADVICE



Review of investor material



Review of business plan, financial model, commercial, growth and scale-up strategy, pitch deck, investor memorandum



Independent valuation of your company



Advice on bankability and financing options



Eligibility assessment for a potential EIB due diligence process and guidance on appropriate EIB financing options

ECOSYSTEM DEVELOPMENT ACTIVITIES



Invitation to join sector-specific Finance Labs, workshops, roundtables relevant to the sector with other companies and EU institutions



Invitation to closed LinkedIn Group & latest news on market trends



Participate in consultations on new financing schemes for the sector



European
Commission

INVESTEU PORTAL

CONNECTING INVESTORS

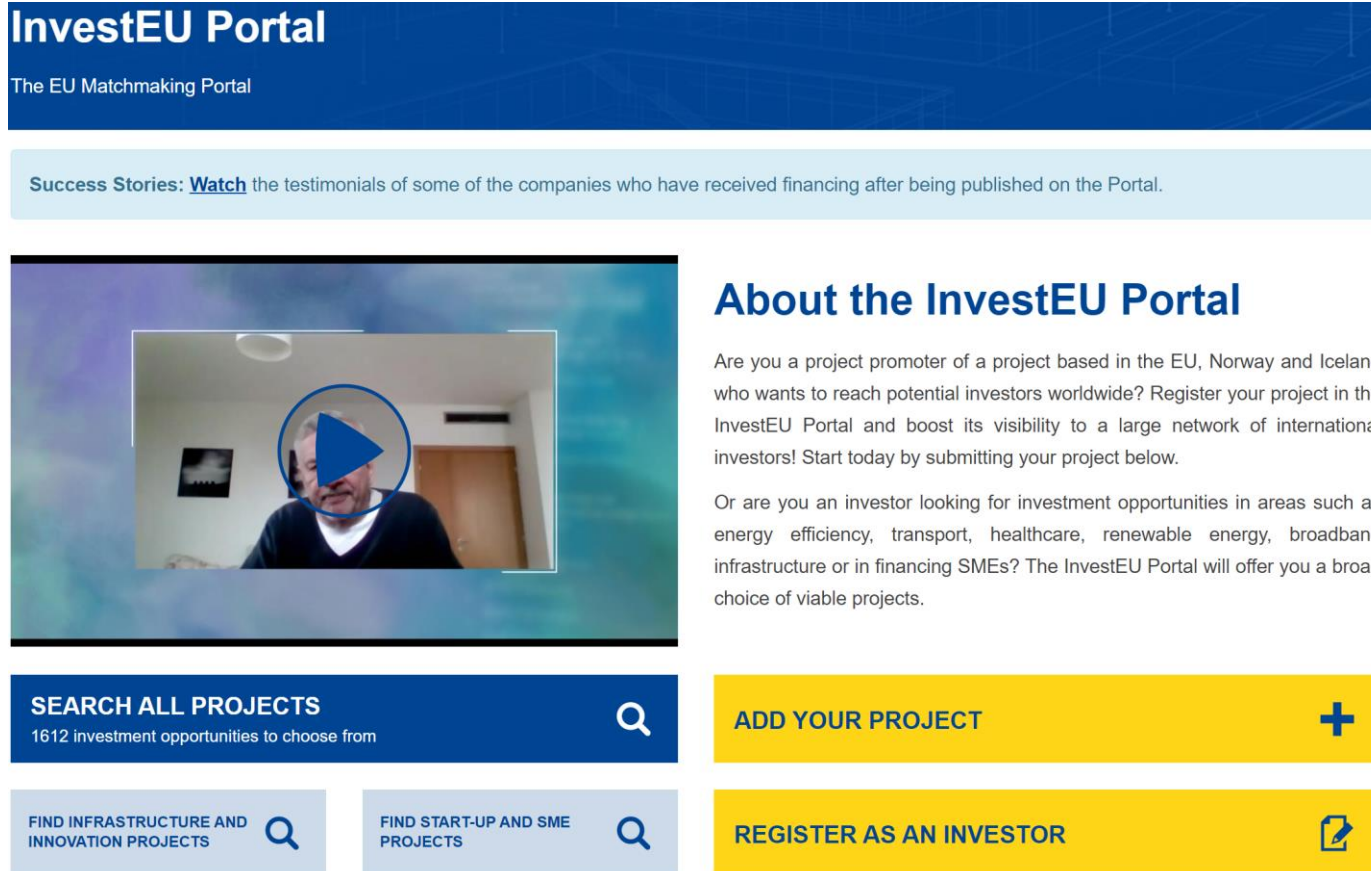
AND PROMOTERS

#InvestEU



InvestEU Portal: bringing together promoters and investors

Promoters




InvestEU Portal
The EU Matchmaking Portal


Success Stories: [Watch](#) the testimonials of some of the companies who have received financing after being published on the Portal.


About the InvestEU Portal


Are you a project promoter of a project based in the EU, Norway and Iceland who wants to reach potential investors worldwide? Register your project in the InvestEU Portal and boost its visibility to a large network of international investors! Start today by submitting your project below.


Or are you an investor looking for investment opportunities in areas such as energy efficiency, transport, healthcare, renewable energy, broadband infrastructure or in financing SMEs? The InvestEU Portal will offer you a broad choice of viable projects.

SEARCH ALL PROJECTS 
1612 investment opportunities to choose from

FIND INFRASTRUCTURE AND INNOVATION PROJECTS 

FIND START-UP AND SME PROJECTS 

ADD YOUR PROJECT 

REGISTER AS AN INVESTOR 

Investors



https://investeu.europa.eu/investeu-programme/investeu-portal_en

InvestEU Portal - Key points



Increased visibility of projects to large network of international investors



Presentation of projects in a harmonized format



Visibility and networking opportunities via different promotion channels, promotion videos or matchmaking events



Direct contact made through the Portal



Advanced search and filtering criteria for investors to find projects



Investors can subscribe to tailored notifications on new projects and project updates

InvestEU Portal

Does my project have to be based in the EU to be published on the Portal?



Yes, or in Norway and Iceland. Cross-border projects with non-EU countries are also permitted whereby the investment takes place, at least partially, in one of the EU MS, Norway, Iceland.

Does the Portal provide financing?



No, however the InvestEU Portal transmits published projects for possible funding also to the InvestEU implementing partners.

Is publishing a project on the Portal free of charge?



Yes, publication is free for all projects.

Is the Portal linked to the InvestEU Fund?



The publication of a project on the Portal does not guarantee financing, however the InvestEU implementing partner may consider to finance the project.

**InvestEU
Portal –
EU Matchmaking
Portal**



Event Feedback form



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ADVISORY

THANK YOU



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