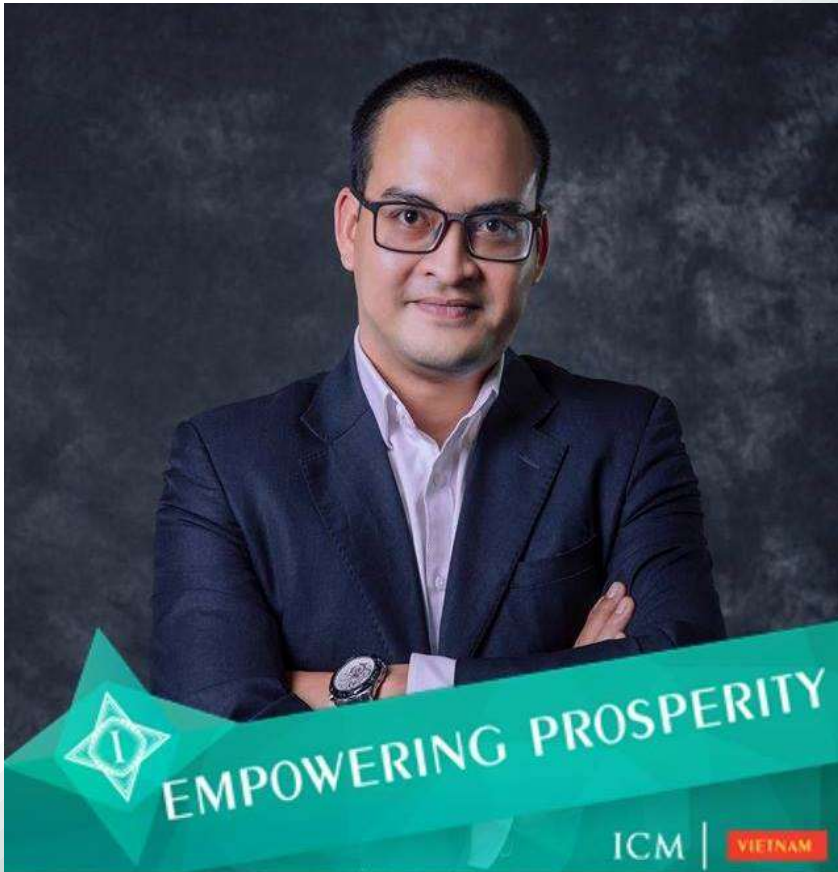


TÀI CHÍNH, ĐỊNH GIÁ VÀ GỌI VỐN

VALUATION, FUND RAISING

HCM, 19.Apr.2019

1. ME (expectation survey)	15'
2. STARTUP JOURNEY	20'
3. VALUATION	35'
BREAK 1	15'
4. VALUATION (continues)	30'
5. FUNDRAISING SHARING	30'
BREAK 2	15'
5. PITCHING (3*15'/each) AND INVESTOR FEEDBACKS	50'
BREAK 3	15'
6. PRACTICAL Q&A, BM REVIEW	15'
	<hr/>
	240'



- Đồng sáng lập & TGD của Innovation Capital Management
- Hội đồng cố vấn cấp cao - Quỹ khởi nghiệp Việt Nam
- Ngân hàng, Chứng khoán, Đầu tư, M & A, Quản lý rủi ro trong 15 năm
- Ex CIO của BAOVIETLIFE, PVI SUNLIFE, HDBANK
- Ex CRO của ABBANK, FRM của KPMG Việt Nam



- + 7 chương trình tăng tốc hàng loạt với hơn 70 dự án khởi nghiệp
- 10 hệ sinh thái toàn quốc
- +13 trung tâm quốc tế thông qua toàn thế giới
- 4 trụ cột chính: đầu tư, thương mại hóa, doanh nhân, nhà khoa học và các nhà xây dựng liên doanh khác



- Tập trung đầu tư chiến lược và quản lý quỹ
- Quan hệ đối tác chiến lược để định giá và gây quỹ
- + 10 khoản đầu tư
- + 100 khởi động trong quản lý danh mục đầu tư
- Quản lý mạng thiên thần
- + 13 trung tâm quỹ nước ngoài
- Hỗ trợ cho quản trị viên địa phương về việc gây quỹ và quản lý quỹ đầu tư sáng tạo



STARTUP
VIETNAM
FOUNDATION
HIGH PROFIT FUND

OFFICIAL PARTNER OF
VVI
WISE

BE THE PLATFORM WHERE DREAMS
BECOME GLOBAL SUCCESS



THE PLATFORM FOR SUSTAINABLE
DEVELOPMENT

CONTACT
NOW!

QR CODE

Mr. Phạm Trọng Hùng

Ms. Anita Y.

Mr. Nguyễn Việt Đức

STARTUP JOURNEY



STARTUP JOURNEY

Một tổ chức tạm thời được thành lập để tìm kiếm mô hình kinh doanh có thể lặp lại và có thể mở rộng.

Doanh nghiệp nhỏ và vừa khởi nghiệp sáng tạo là doanh nghiệp nhỏ và vừa được thành lập để thực hiện ý tưởng trên cơ sở khai thác tài sản trí tuệ, công nghệ, mô hình kinh doanh mới và có khả năng tăng trưởng nhanh

STARTUP JOURNEY

Startups kiến tạo 70-80% việc làm mới và một phần lớn của cải toàn cầu

Nhưng

8 trong 10 dự án Startup thất bại

Tại sao?

Sự phức tạp và quản trị nguồn lực

STARTUP JOURNEY

Cuối con đường

Thất bại	Đóng cửa công ty hoặc thanh lý tài sản với nhiều tổn thất cho tất cả các bên
Lifestyle	Công ty đạt được một số hiệu quả về lợi nhuận/thị phần, cung cấp được một phần lợi cho ban điều hành, nhân viên, nhưng không đem lại lợi ích cho nhà đầu tư/ chủ nhân
M&A	Mô hình lợi nhuận được mua lại và gắn vào một công ty lớn hơn, tạo ra lợi nhuận cho nhà đầu tư/ chủ nhân
IPO	Niêm yết đại chúng, tạo ra lợi nhuận lớn cho nhà đầu tư/ chủ nhân

Lifestyle Business vs. Startup

Nói chung, cả hai cùng ổn, nhưng có chút khác biệt

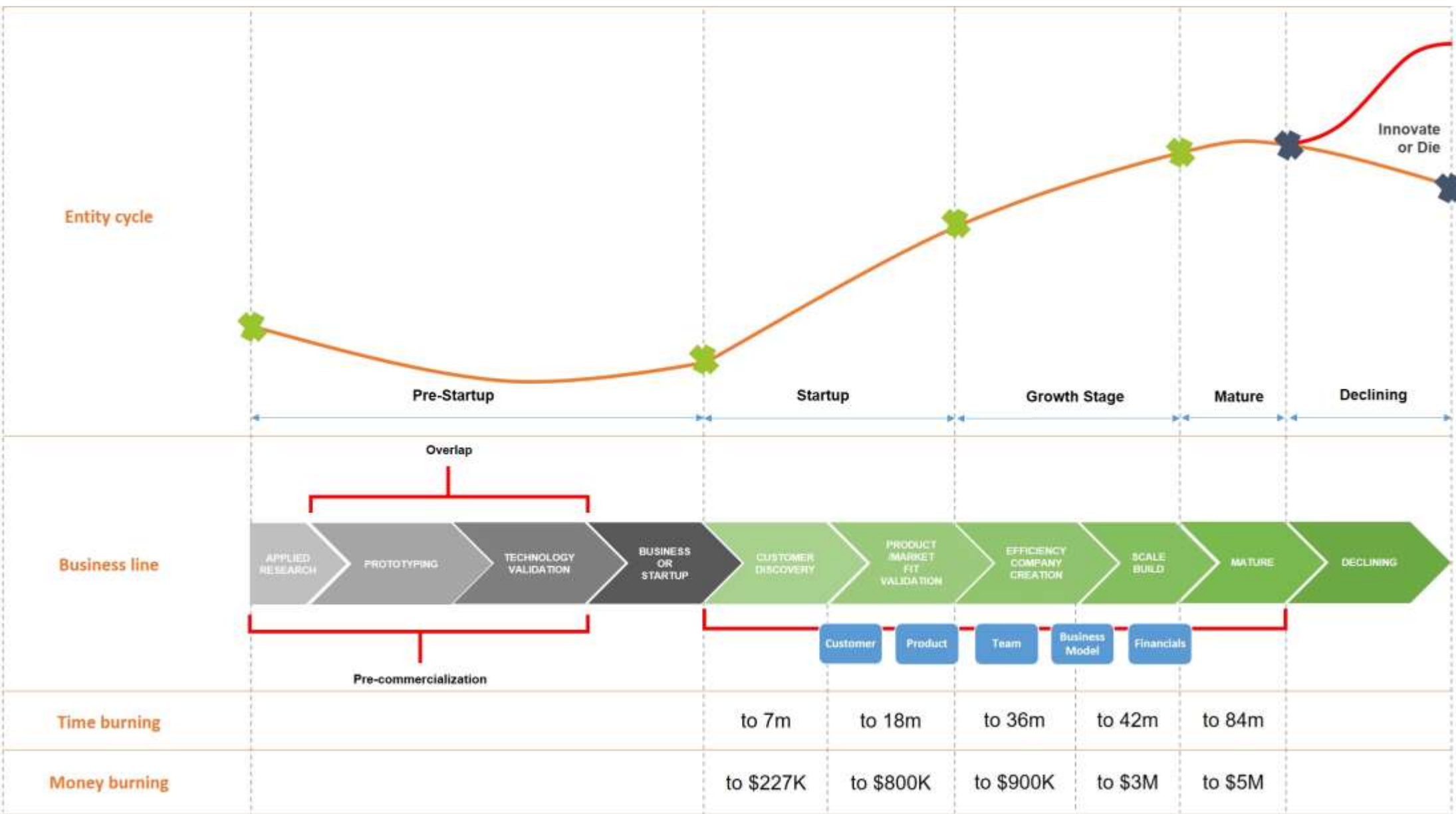
Lifestyle Business

- Hỗ trợ cho một kiểu sống
- Thường sở hữu cá nhân/nhỏ lẻ
- Tập trung địa phương/ khu vực
- Không nhiều sáng chế/phát kiến
- Khó scale up
- Mô hình kinh doanh truyền thống
- Tăng trưởng tuyến tính ổn định

Startup

- Thay đổi thế giới
- Nhiều nhà đầu tư/ đồng sở hữu
- Tham vọng toàn cầu
- Bùng nổ sáng tạo
- Tiềm năng scale up
- Mô hình kinh doanh sáng tạo
- Tăng trưởng phi tuyến tính

STARTUP JOURNEY

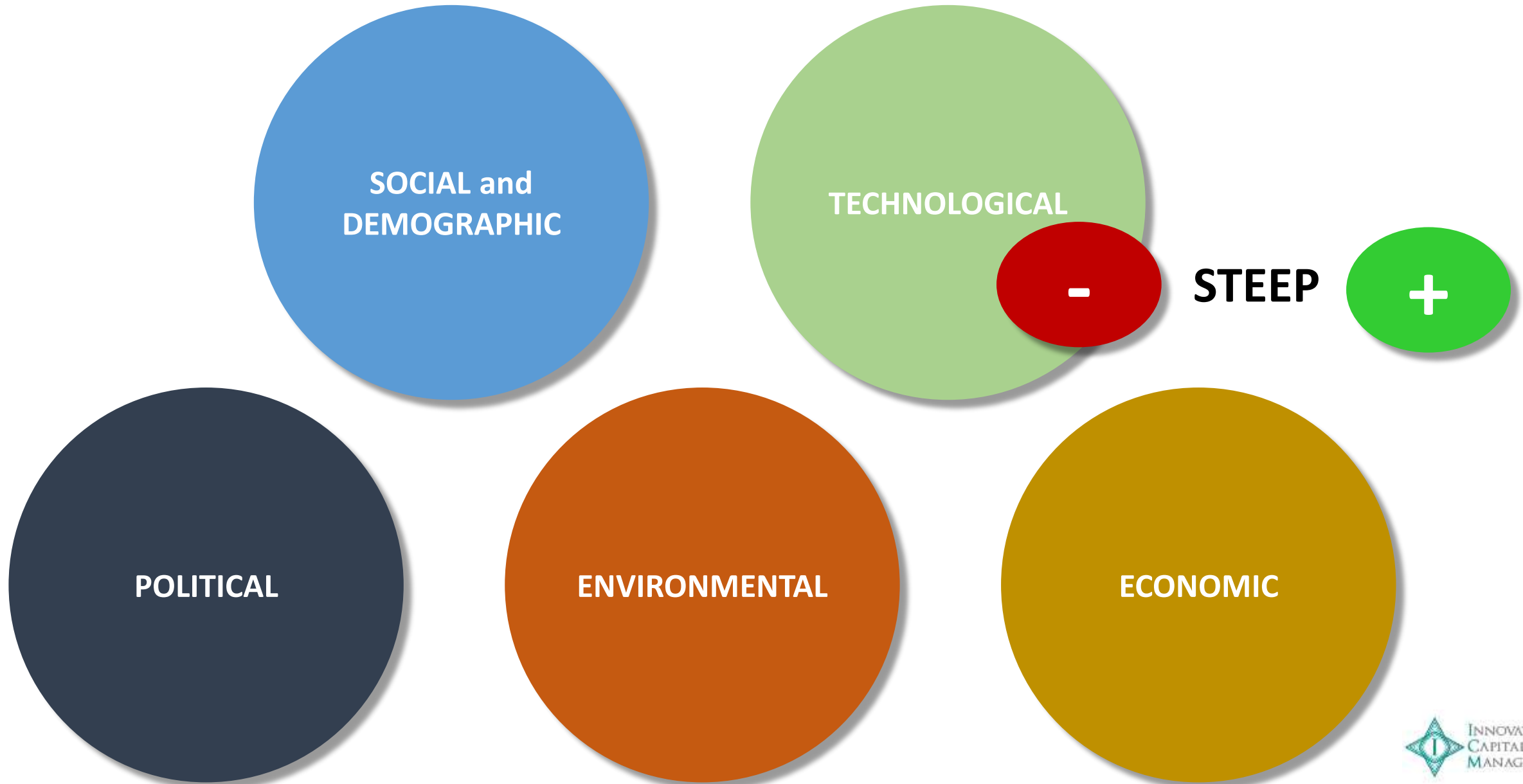


VALUE MAIN COMPONENTS

1. VALUES MAIN COMPONENTS – A great different vision



1. VALUES MAIN COMPONENTS – Your vision with industrial trends



1. VALUES MAIN COMPONENTS – Your vision with your SWOT

Strengths

S

Weaknesses

W

Opportunities

O

Threats

T

1. VALUES MAIN COMPONENTS – Quick view

Lifestyle Business vs. Startup

Both are good, but they are different

Lifestyle Business

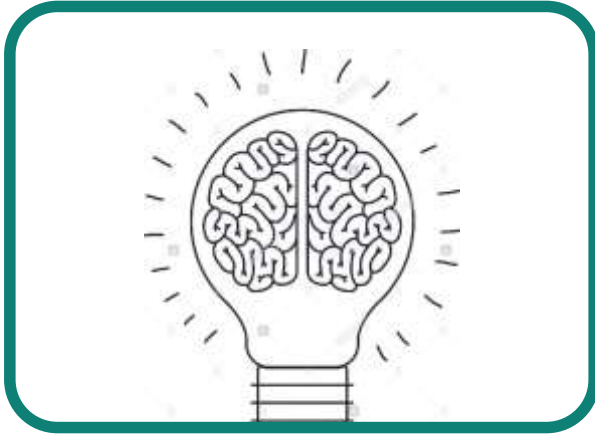
- Support a “lifestyle”
- Individually owned
- Local or regional focus
- Little innovation
- Not scalable
- Traditional business model
- Steady linear growth

Startup

- Change the world
- Multiple owners/investors
- Global ambition
- Disruptive innovation
- Potential to scale
- Innovative business model
- 10x rule = success

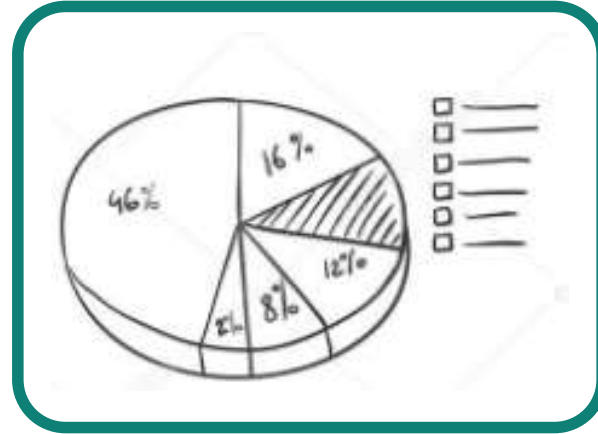
1. VALUES MAIN COMPONENTS – Detail view

Vision



Clear problem and solutions

Industrial

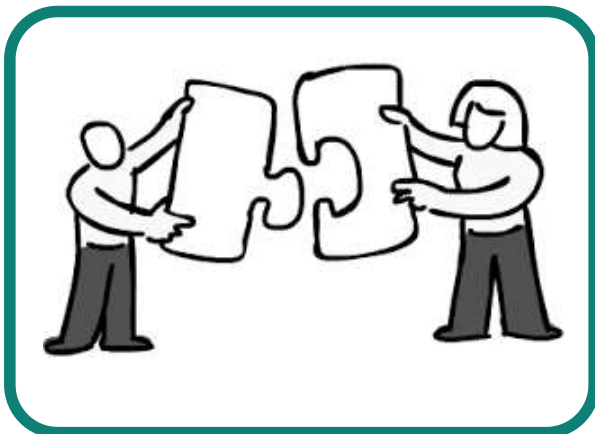


Market size

SWOT

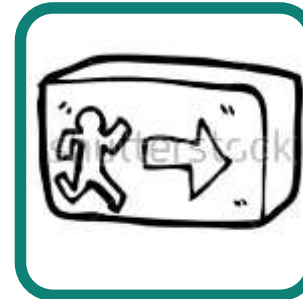
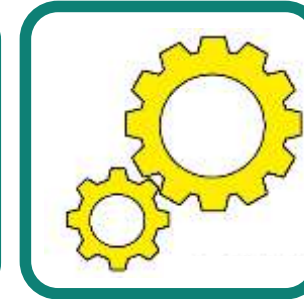


Competitive advantage



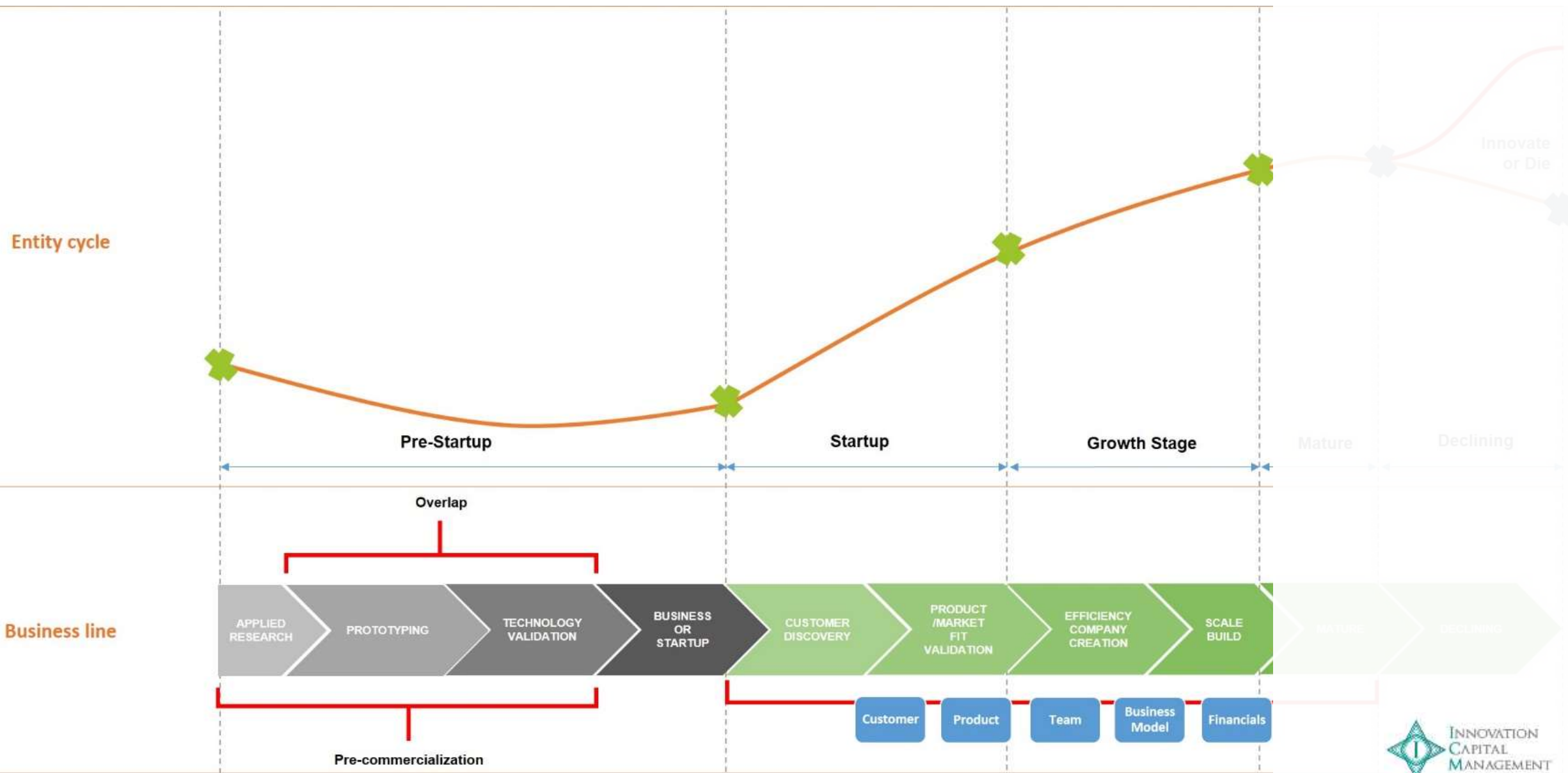
Team members

Achievability

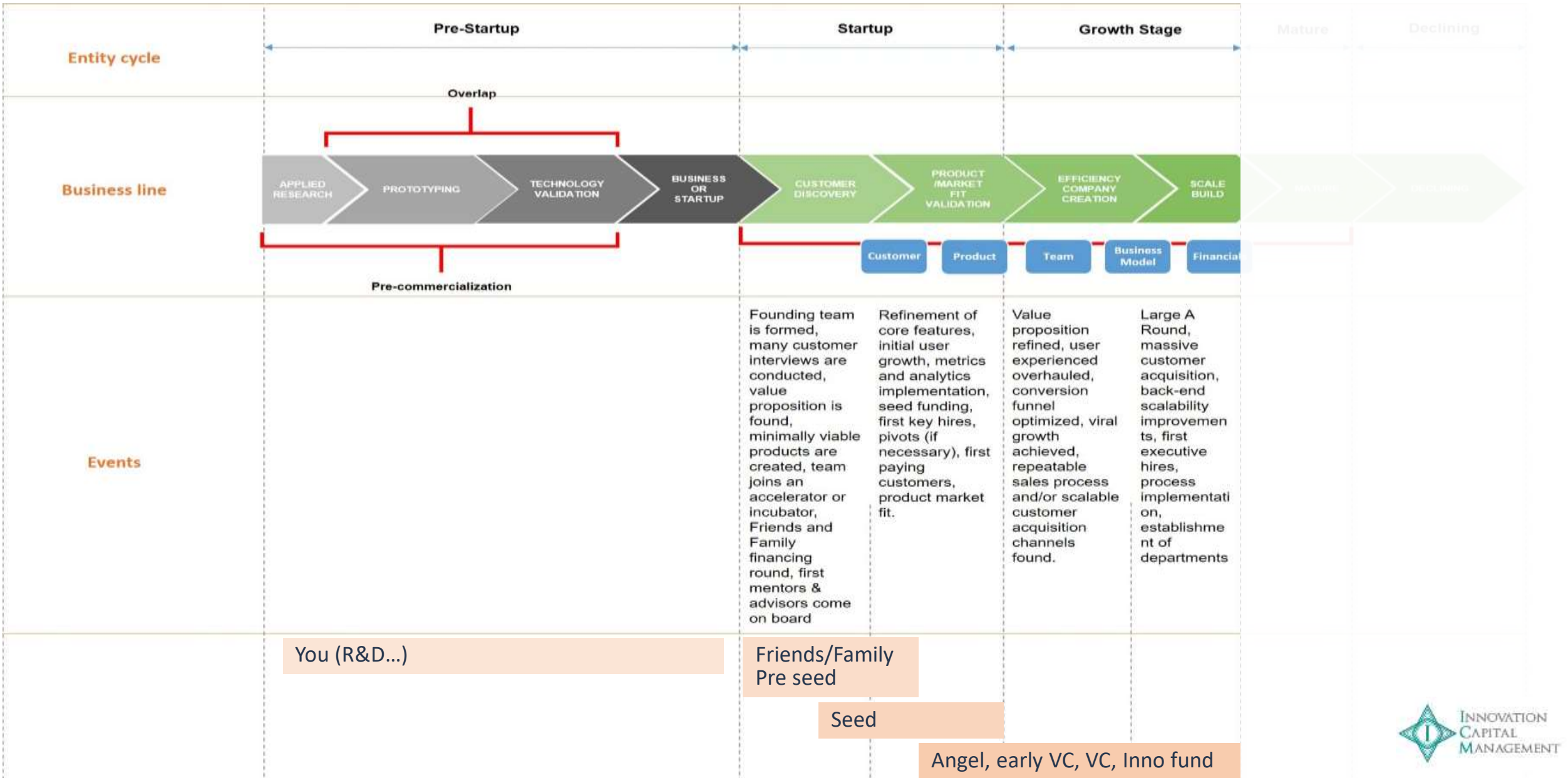


STAGE CAUSES ONE OF MAIN FACTORS

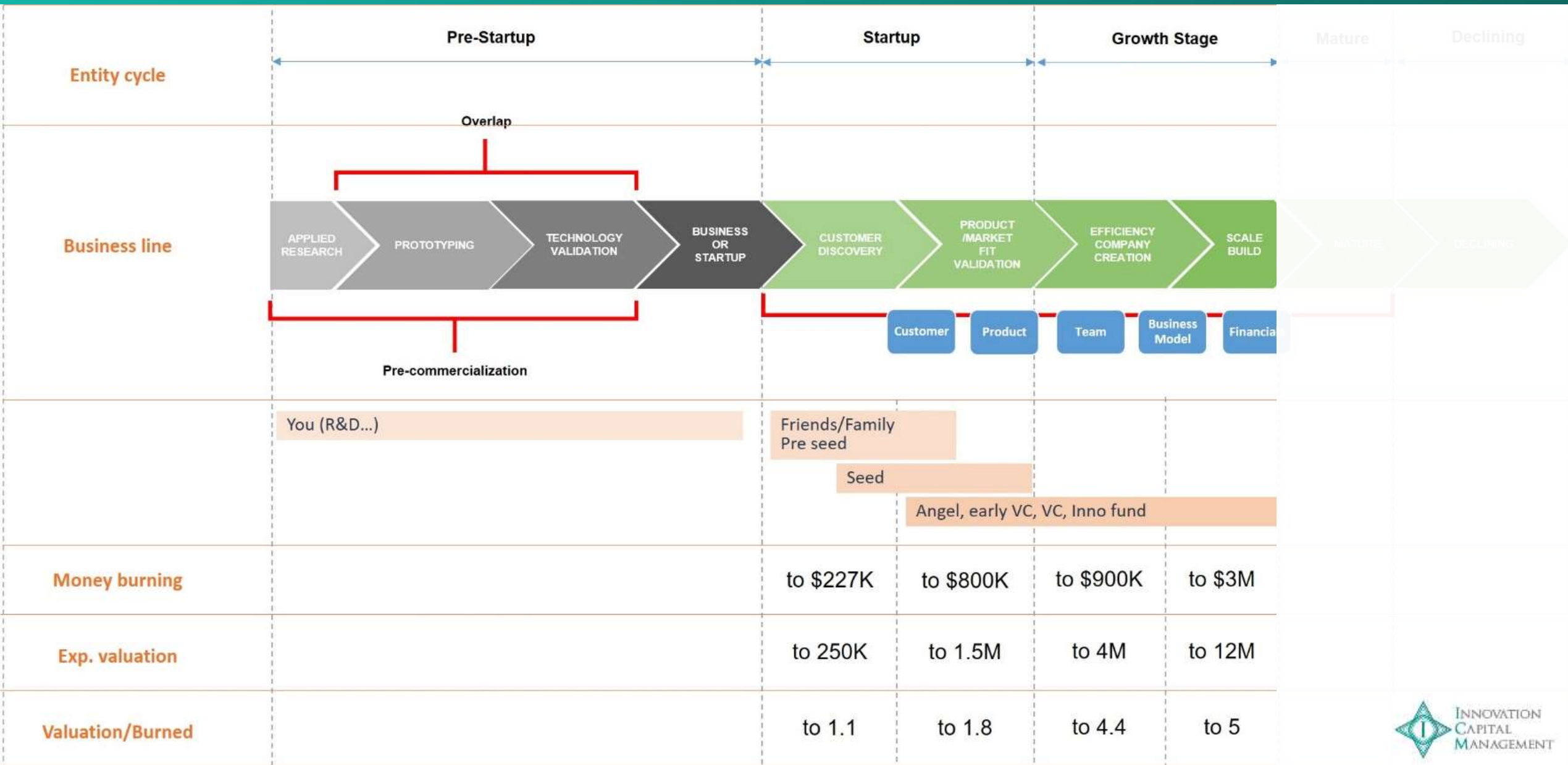
2. STAGES - Definitions



2. STAGES – Definitions (2)

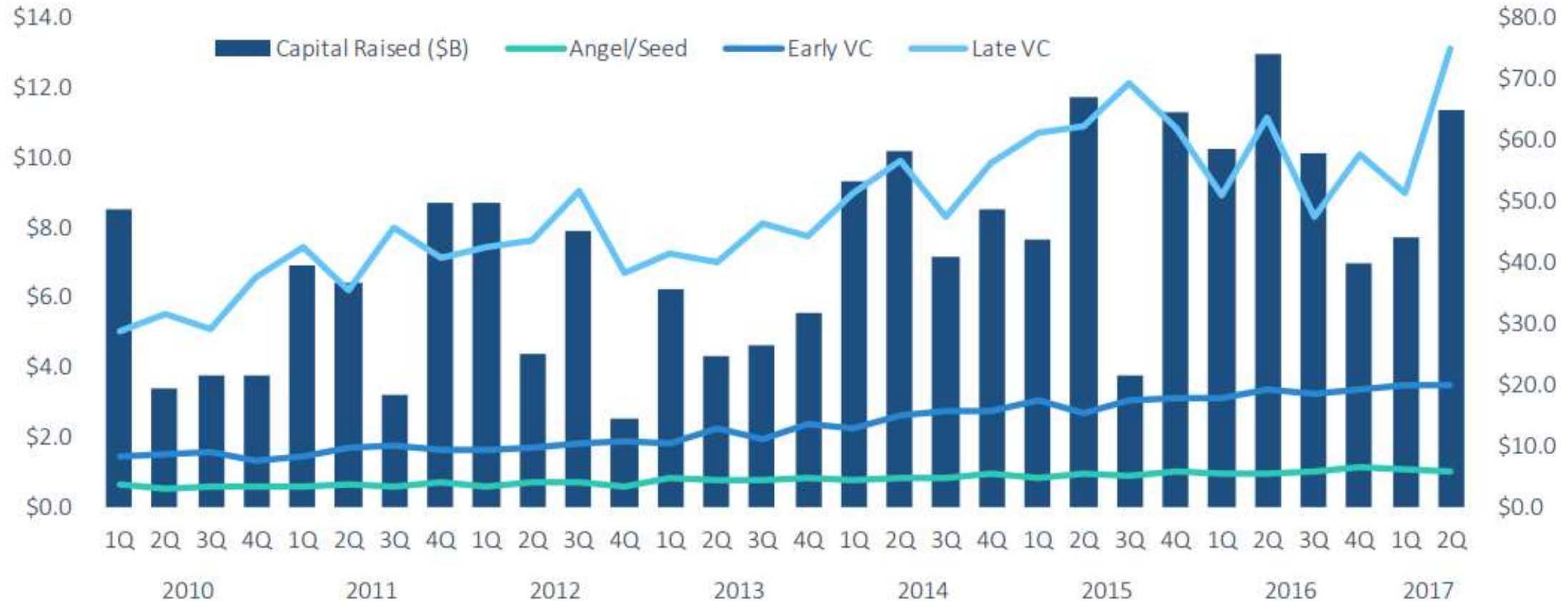


2. STAGES – Statistical valuation



2. STAGES – Statistical valuation

US VC fundraising and median pre-money valuations (\$M)



Source: PitchBook
*As of 6/30/2017

2. STAGES – Statistical requirement

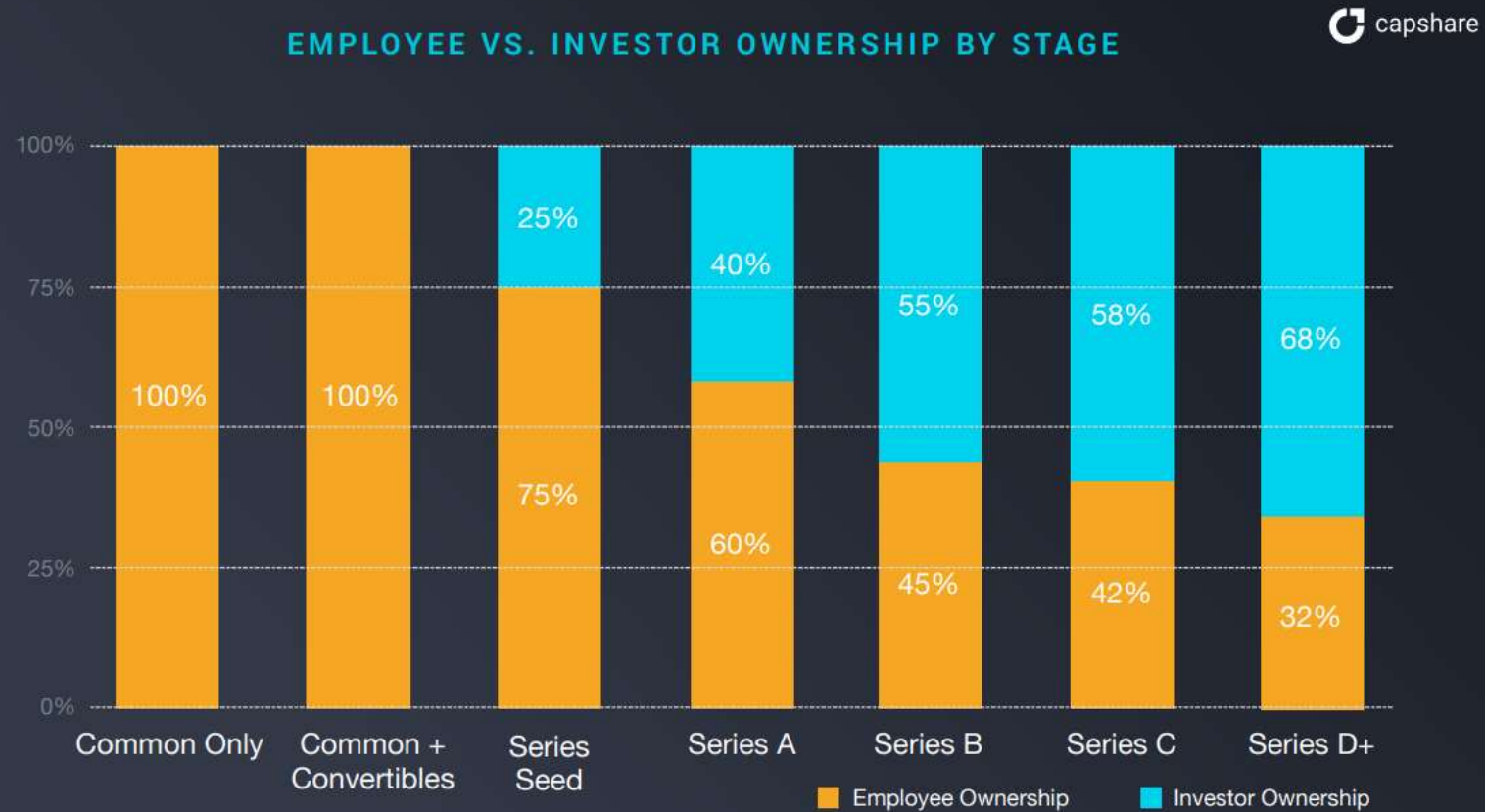
Stage	IRR
Seed	60%
Angel	50%
Early VC	40%
Mid VC	30%
Late VC	25%

	Avg % User Growth in last month
Discovery	6%
Validation	21%
Efficiency	29%
Scale	43%

2. STAGES – Statistical finding

- Founders overestimate the **value of IP** before product market fit by 255%.
- Startups need 2-3 times longer **to validate** their market than most founders expect.
- Startups that haven't raised money over-estimate their **market size** by 100x and often misinterpret their market as new.
- **Premature scaling** is the most common reason for startups to perform worse. They tend to lose the battle early on by getting ahead of themselves.

2. STAGES – Statistical funding size



Dilution of about 20% for each round

OPPS, finish for this session.

BREAK

RELAX

METHODOLOGIES

3. METHODOLOGY – Statistical ranks (1st)

Qualitatively, Investors have rank, statistically to know where you are, and how much is your startup value.
(Burned comparison-cost to duplicate)

- **Premature scaling** is the most common reason for startups to perform worse. They tend to lose the battle early on by getting ahead of themselves.

3. METHODOLOGY – Berkus Method (5 factors) (2nd)

5 factors that impact startup value.

On a scale of \$0 to \$500K, assign a value to each factor that reflects the startup's level of achievement to date.

The \$500k is based on an assumption about the maximum valuation range in the region:

- if valuations of startups in Silicon Valley average \$2.5M (Angel/Early VC round), then each of the 5 factors is worth \$500K.
- valuation range in Vietnam may be less.

3. METHODOLOGY – Berkus Method (2nd)

	Factor	Range	Assigned Value
➔	Sound business idea	\$0-\$500,000	\$
➔	Prototype built	\$0-\$500,000	\$
➔	Quality of team	\$0-\$500,000	\$
➔	Strategic relationships	\$0-\$500,000	\$
➔	Product rollout /sales	\$0-\$500,000	\$
	Total Value	\$0 - \$2,500,000	\$

3. METHODOLOGY – Risk Method | for pre – revenue SU (3rd)

The Risk Approach Method compares 12 elements of the target startup, using the same average pre-money valuation of pre-revenue startups

The 12 elements are:

1. Management risk
2. Stage of the business risk
3. Legislation/Political risk
4. Manufacturing risk
5. Sales and marketing risk
6. Funding/capital raising risk
7. Competition risk
8. Technology risk
9. Litigation risk
10. International risk
11. Reputation risk
12. Potential lucrative exit

3. METHODOLOGY – Risk Approach Method (3rd)



Assessment	very positive for growing	positive	neutral	negative for growing	very negative
Risk Factor	+2	+1	0	-1	-2
Assigned Value					

The average pre-money valuation of pre-revenue companies in the region is then adjusted positively by \$250,000 for every +1 (+\$500K for a +2) and negatively by \$250,000 for every -1 (-\$500K for a -2)

3. METHODOLOGY – DCF (4th)

This method needs to predicting financial model, business model and review almost strategies to get how much cash flow the company will produce,

And then calculating how much that cash flow is worth against an ***expected rate of investment return***. A higher discount rate is then applied to startups to show the risk that the company will fail.

This method relies on a market analyst's ability to make good assumptions about long term growth which for many startups becomes a guessing game after a couple of years – which need much challenging from experts.

This method is almost used by senior investor (VC) with complex calculations

3. METHODOLOGY – Comparable Method (5th)

This method looks at the implied valuations of other similar startups

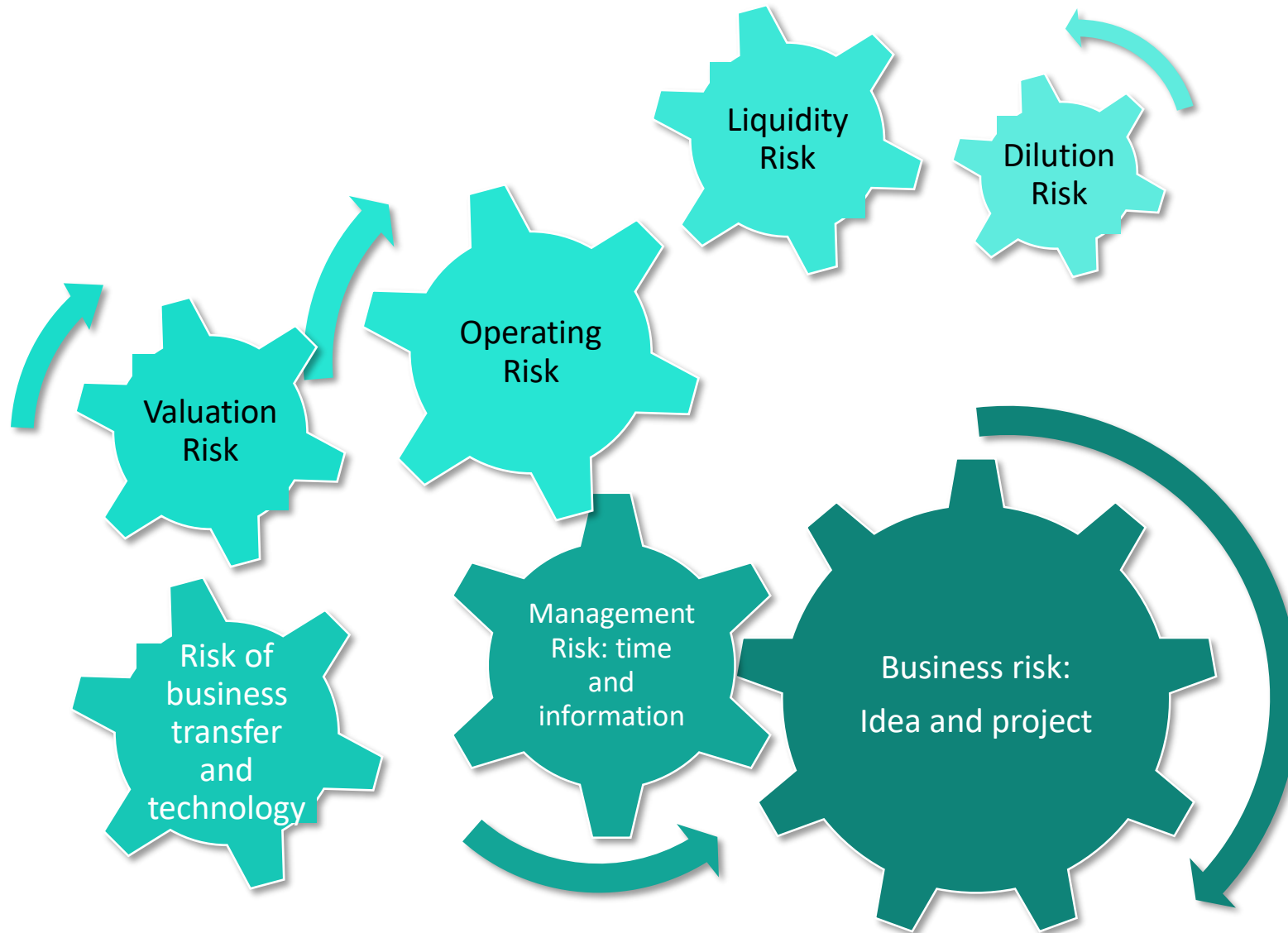
Come up with the assumption of the ratios are the same for similar businesses.

For example,

- Startup A is acquired for \$5,000,000, and its website had 100,000 active users → \$50/user.
- Startup B is in the same business, has 2,000 users → use the same multiple of \$50/user to reach a valuation of \$100,000

This method eliminate many different between Startup's competitive advantage/disadvantage in doing business.

3. METHODOLOGY – Challenges for investors - risks



3. METHODOLOGY – Typical Failure

Business valuation is never straightforward. And there are so many factors, for a startup this is even truer because there's nothing to go on.

→ It is best to connect with a professional services to come up with professional areas.

→ It is best to discuss friendly with the potential investor so that the business owner and the investor agree, especially as this figure will go on to decide the startup's valuation.

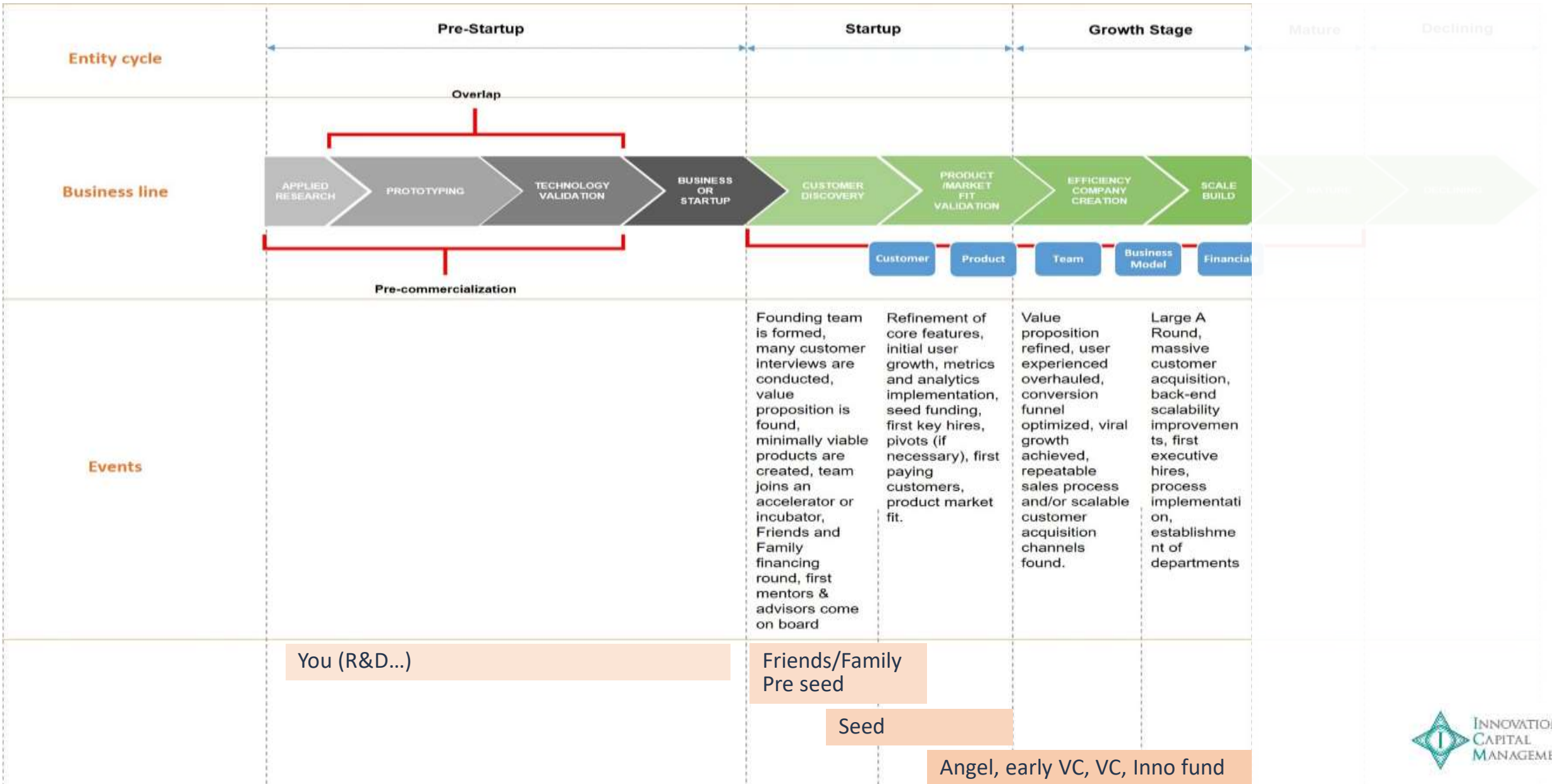
→ The assumptions, valuation, implications, need to get insight challenging (in house or with experts), be cause in the end, it is you to approve all the factors: social, economics, potential market segment, your idea-solution - product/ market fit, your competitive advantages/ disadvantages, your team and abilities to implement your source to win the market.

OPPS, finish for this session.

BREAK

RELAX

AGAIN, STAGE CAUSES BIG IMPACT





BẢN CHÀO TÓM TẮT

1. Nhóm khách hàng và Vấn đề
2. Giải pháp và sở hữu trí tuệ
3. Mô tả sản phẩm và Kết quả bán hàng ban đầu
4. Mô hình lợi nhuận
5. Chiến lược đánh chiếm thị phần, độ lớn thị phần
6. Lợi thế cạnh tranh (nhân tài, khả năng thoái vốn, mạng lưới)
7. Offers

INVESTORS PRIORITIES IN INVESTMENT



INVESTORS CONCERN IN INVESTMENT

Investors face main risks:

- Wrong due diligence, startup evaluation and valuation
- Wrong term-sheet/ agreement in deal
- Wrong identification of needed resources for startup
- Incapable in supervising the investment
- Exit risks

Invested Startup faces main challenges:

- Wrong business model and strategies
- Wrong executive organization and H.R
- Be killed by big competitor before getting return for pioneers

TYPICAL FUNDS



Investors

Investors typically are:

1. Entrepreneurs communities' fund (Angels)
2. University/ Academic funds
3. Public Venture funds
4. Public Private Partnership funds



Process

ICM studies market (local and areas and global) to find extreme potential industry, specially in new trend startup industries.

ICM studies Vietnamese startup pool to find potential matching deals

ICM develops a fund thesis for open calling to interesting investors

With initial MOU, ICM starts to build fund management infrastructure for the fund, includes but not limited to:

- Fund charter (with investment and risk management policies, fund representative board, fund management agreement, ethical codes, investment procedure with auditing framework...)
- Open fund with DPI, and follow to the law to serve the fund
- Executing investment and risk management and fund management procedures



Fund Management

Follows with NAV management mechanism

- Monthly revaluation for NAV and wealth management
- For fund's profit and within limitations, base on professional due diligence tasks and professional investment ability, ICM will invest to the startup and exit the investment to create values for investors
- Compare fund's investment performance with other funds/ investment
- Units exchange or Units investment follow with fund management professional standards
- Continuous growth and highly diversify portfolio

ICM brings fund management servicing (follow with the term-sheet's covenances, investment management and monthly reporting to investors, represent investors in daily management, with ICM's networks and investor resources to bring growth for investees, find the way for exit the investment or structure the investment...). Fee of fund management is maximum 7%/year/NAV. With bonus fee

TYPICAL FUNDS



Entrepreneurs Communities

Investors typically are:

1. Entrepreneurs who want to come back to support the next generations:
 - They have trend to invest in people and close industries which they have experience
 - Or may want to contribute to their home town's startup ecosystem
2. As being entrepreneurs, they understand about business and contribute much more than just capital
3. They don't really expect in a high return, but in a **social contribution recognition**
4. They lack of investment and investment management experiences



University/Academy Funds

This kind of fund is for pre-accelerating programs support for founders from R&D to build an initial business model

Universities often develop the source of startup in students by organize competition and chose the top to fund the seed.

Academy areas often use their own source of research from scientists to start for a business

Big challenge for these areas are IP issues and fund management infrastructure that may help the investor a **sustainable startup ecosystem development mission** in supporting students/ scientists.



Public Venture Funds

They are investors who **seek for return**

The Public Venture Funds are more popular to everybody, they are open with a typical investment industry(s).

The different level of understanding about investment, lack of information for invest, lack of source for making a deal and lack of trust keep them going with a fund management mechanism



PPP Funds

PPP Funds are often start by an idea from public areas, which may along with a sustainable development mission for a specific receiving targets.

The private area come with public one to empower the efficient of mechanism and the resources also.

That is quite similar to the Entrepreneurs Communities investment, except the thing as having **more strict regulations** to come with as using Public sources.

In this manner, a close definition should be mentioned: Public seeding fund also have their mission to support startup ecosystem, but they use the concept of support, in stead of investment, the thing that we don't focus, here.

TYPICAL FUNDS - ANGELS CITY (BY ICM)

The concept:

The Angels City provides an environment for investors to participate in angel investing in big cities Hanoi/ HCMC/ Danang/ Haiphong

For each investment:

- Maximum 30 investors (local or foreigner) are invited to come and evaluate the Startups and decide for investment in any syndicating group
- A new fund is created and is mandated to ICM for management (fund manager under Decree 38)
- As when decided, investors contribute to the investment fund that will be awarded at the end of meeting
- New and seasoned investors collaborate to leverage their combined knowledge, resources, and experiences to research and select investees
- Angels City is designed to help investors very firstly invest in startup or even diversify their portfolios. Help investors to, together, create long – lasting connections in creating a professional investment environment for startup ecosystem

TYPICAL FUNDS - ANGELS CITY (BY ICM)



Agenda

Every month, ICM invite interested investors gather to participate in the Angels City event.

For each investment round (decision is limited by 8 weeks), a new collaborative process is kicked off supported by a team of experienced angel investors and ICM.

Each round, each investor is expected to invest USD 4,000, which totally will be expected for a maximum USD 120,000 investment.

Before the opening day, investors will get 10 Startups pitch decks and being filtered by ICM with criteria to help get 5 best to go on.

At the opening day, investors will meet 5 startups, all investors will listen to entrepreneurs present their pitches and investors will be divided into small group for due diligence tasks (4 groups: legal – finance - business and sale – strategy)



Process

Extensive due diligence is performed before the investment decision is made at the conference in a majority voting format.

- First two weeks after pitching day: each investors small group will make their all due diligence on main areas.
- 3rd week: investors gather to a full report and challenging
- 4th and 5th week: all team review with valuation and decision on the best one or two startups will have been invested
- 6th and 7th week: fund management mechanism and term sheet for deal(s).
- 8th week: disbursement

During the due diligence process, to learn more and report back to the larger investors group by a formatted process helped by ICM. Meetings can be joined in person or online.



Portfolio Management

If a LLC is created, the investors will follow their rules and create organization chart with full of roles to follow with investment management. This method is free of fund management fee but need time expense and monthly tax reporting without fund management professional services. Also, a transparent requirement will need to be raised for investors.

That's why a fund is created and is mandated to ICM to manage, ICM will start the fund management servicing (follow with the term-sheet's covenances, investment management and monthly reporting to investors, represent investors in daily management, with ICM's networks and investor resources to bring growth for investees, find the way for exit the investment or structure the investment...). Fee of fund management is maximum 7%/year/NAV, without bonus fee.

OPPS, finish for this session.

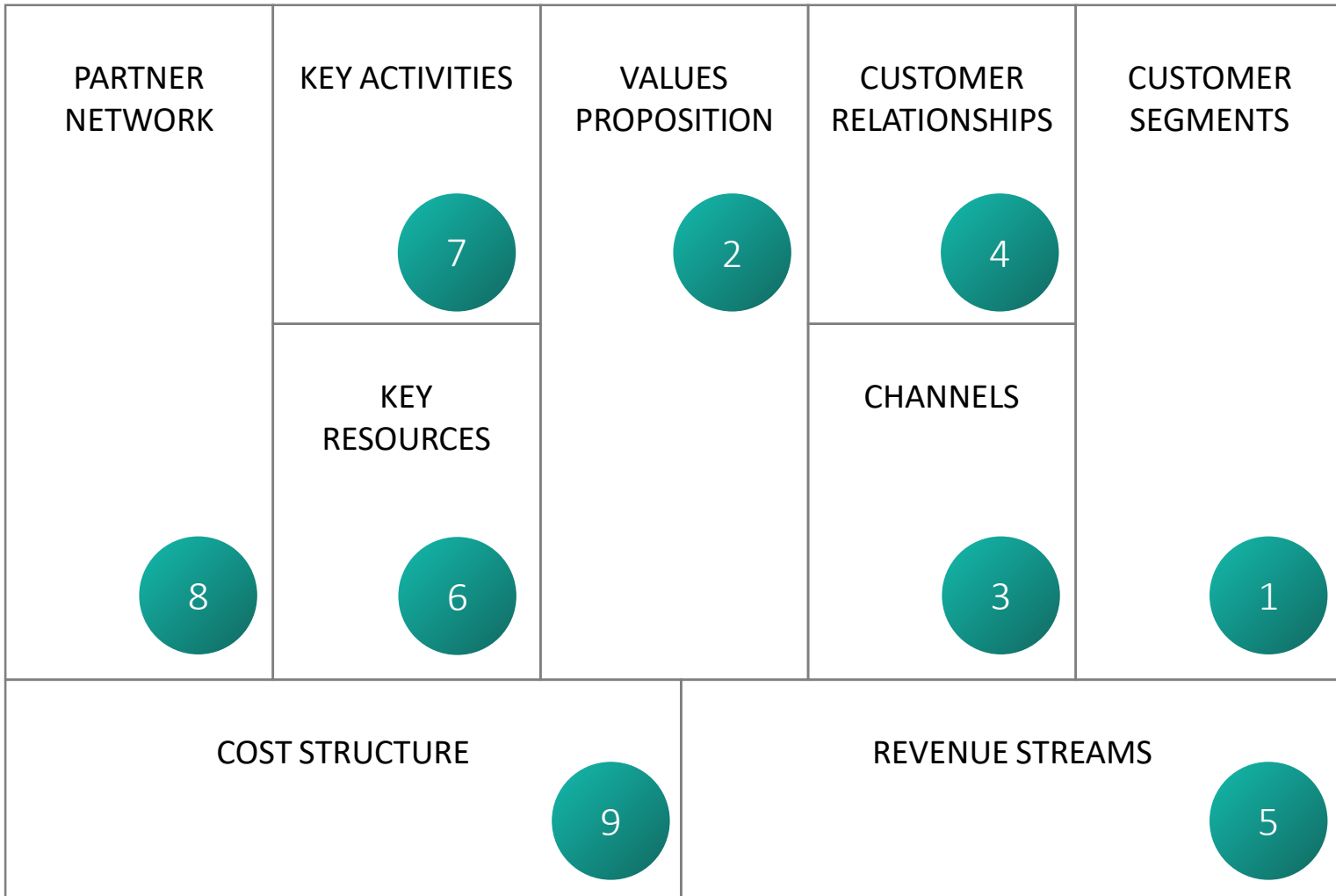
LUNCH and will come back with pitching

RELAX

PICING



BUSINESS MODEL REVIEW AND FEEDBACKS



VISION AND MISIONS →

← **Canvas Modeling**

BUSINESS MODELLING – MY IDEA

JUST IN CASE YOU WANT TO KNOW MORE

OPPS, finish for this session.

BREAK

RELAX

PRACTICAL Q&A

EMPOWER THE PROSPERITY

HO CHI MINH CITY

6th Floor, KOVA Center, 92 G - H Nguyen Huu Canh,
22th Ward, Binh Thanh District

HA NOI

Room 10, 4th Floor, 5S Office - Business Center,
1 Dao Duy Anh Street, Dong Da District

THANK YOU

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