



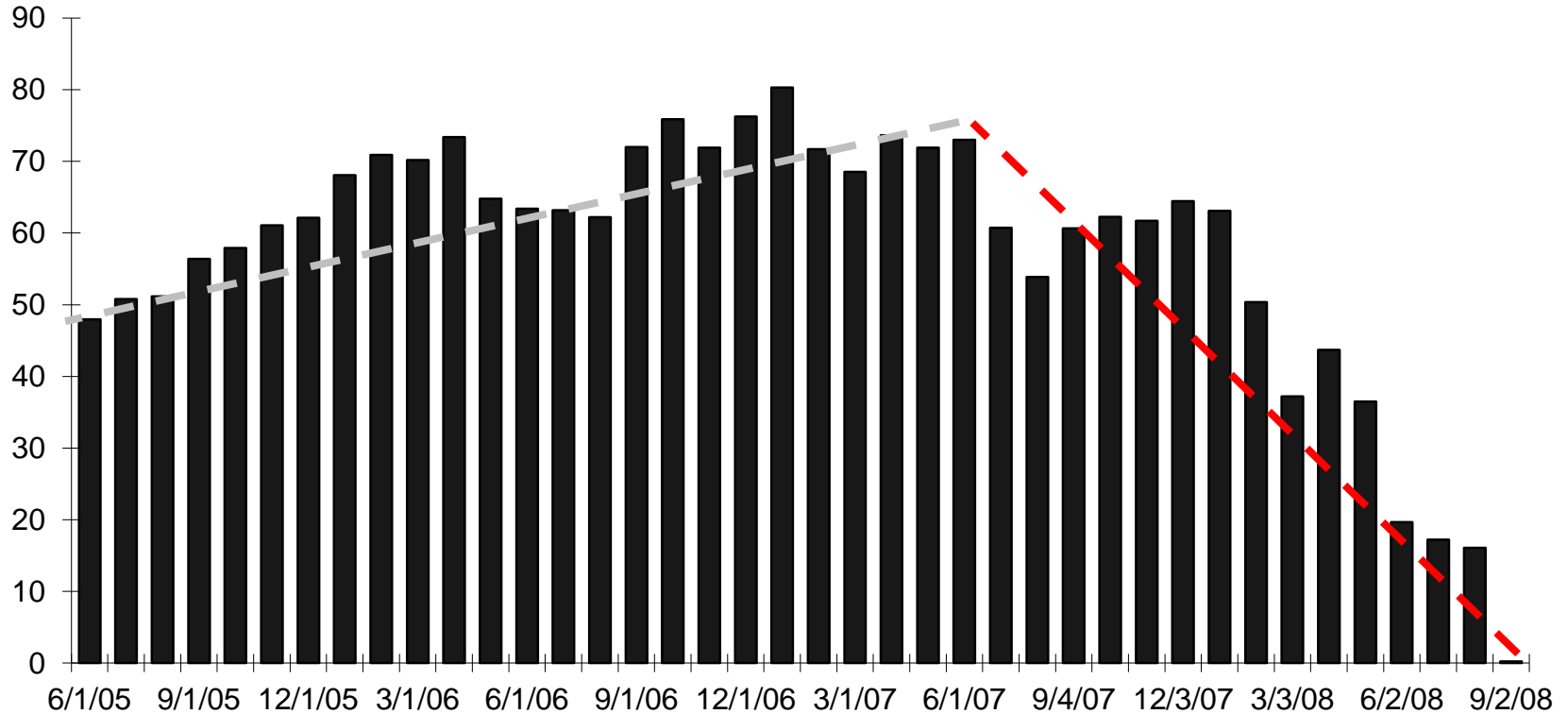
The Founder's Guide to Online Fundraising

FounderX Presentation 2017

May 24, 2017

Presented by Ryan Feit

About me: timing is everything.



Ryan Feit
CEO & CO-FOUNDER
www.seedinvest.com

LEHMAN BROTHERS



WELLSPRING CAPITAL
MANAGEMENT LLC



Wharton
UNIVERSITY of PENNSYLVANIA

The problem we are solving.



“I call my invention the Wheel, but so far I’ve been unable to attract any venture capital.”

Fundraising hadn't changed in 80 years.

Offline Fundraising Only

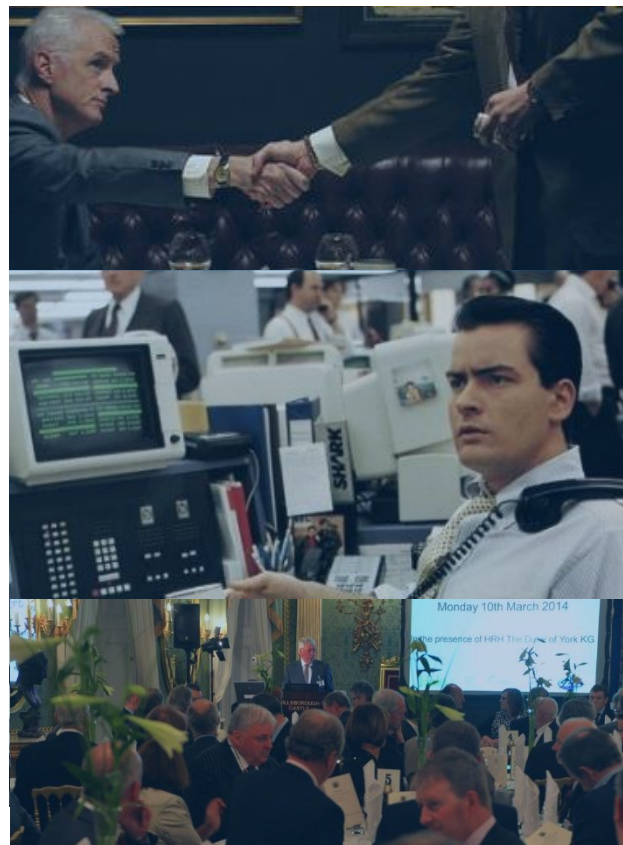
Unable to leverage the Internet to streamline the fundraising process.

No Advertising

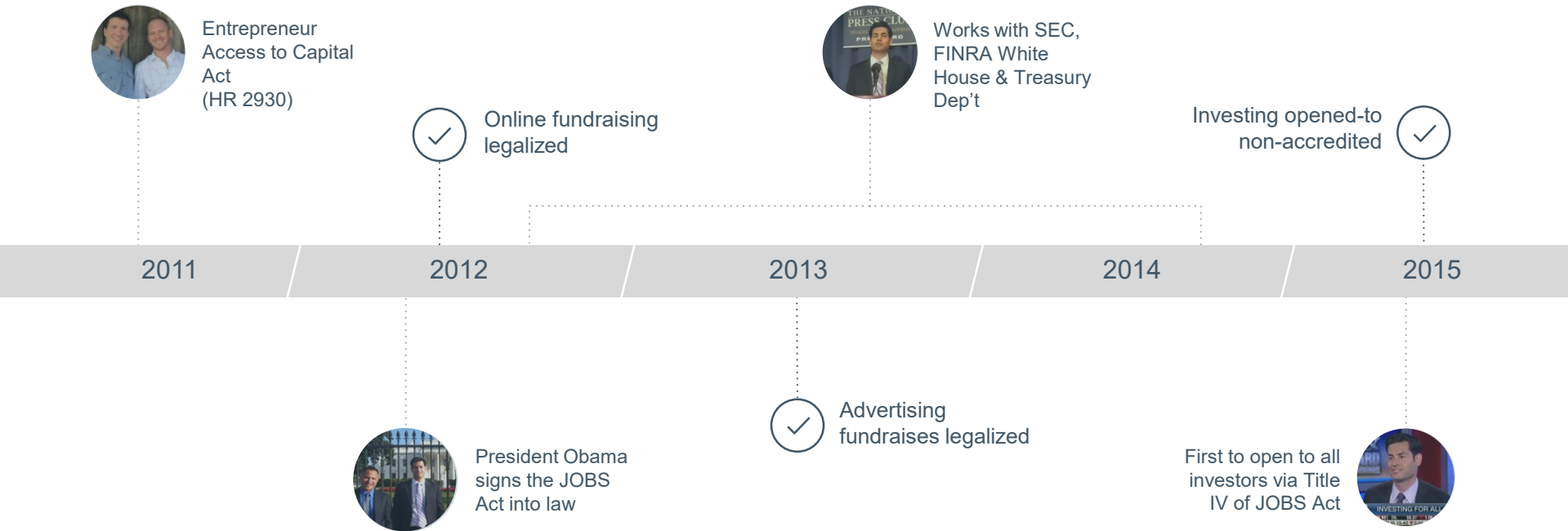
You could only legally reach out to people you knew to invest in your company.

Accredited Investors Only

\$1mm of net worth or \$200k of annual income in order to invest (~2% of Americans).



So we changed the rules.



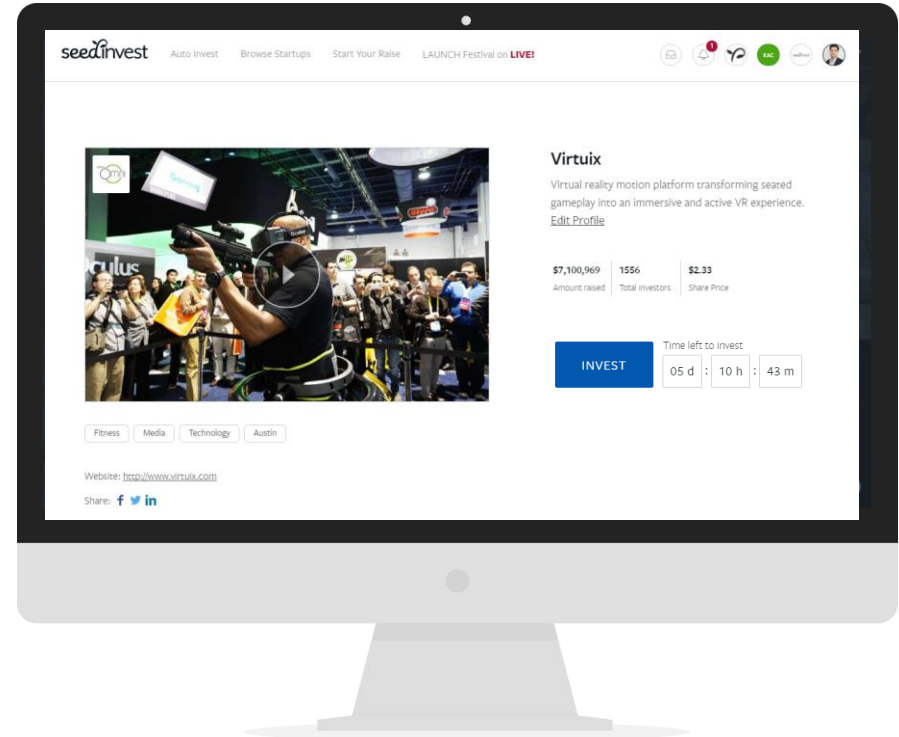
And moved startup investing online.

We enable founders to spend less time fundraising and more time building their businesses.

SeedInvest make investing in startups as easy as buying a share of stock.

Highly vetted: have launched just 1% of applicants which have applied historically.

Perform independent due diligence on companies before presenting on platform.



We created a vibrant startup investing marketplace.

SeedInvest served millions of users last year and processes thousands of investments each month.

We receive 500+ startup applications each month and have accepted just the top 1%.

Our network is made up of individuals, family offices and funds which write checks between \$500 to \$2 million.

We typically fill allocations between \$500,000 to \$2 million in Seed to Series A rounds.

160,000

TOTAL
INVESTORS

2,000

INVESTMENTS
PER MONTH

12,000

STARTUP
APPLICATIONS

1%

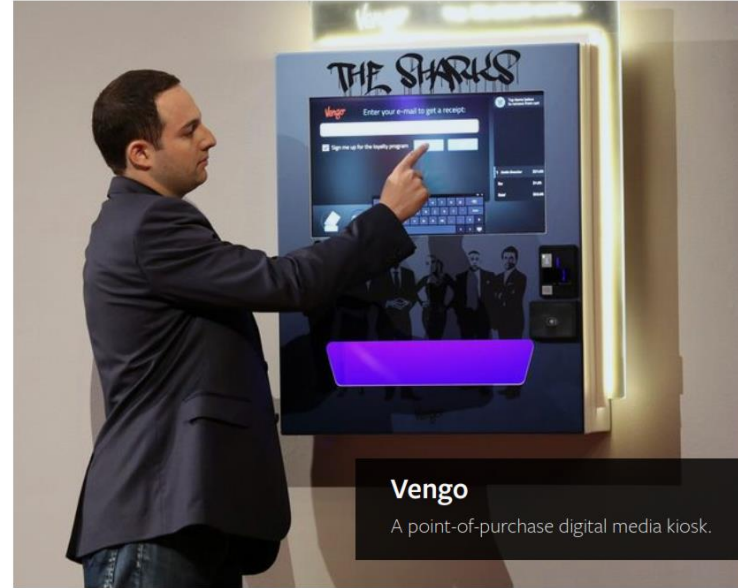
ACCEPTANCE
RATE

Online fundraising gives founders time back.

“SeedInvest raised me over \$700k quickly, enabling me to spend less time fundraising and more time running my business.”

Brian Shimmerlik

CEO, VENGO · RAISED \$2,000,000



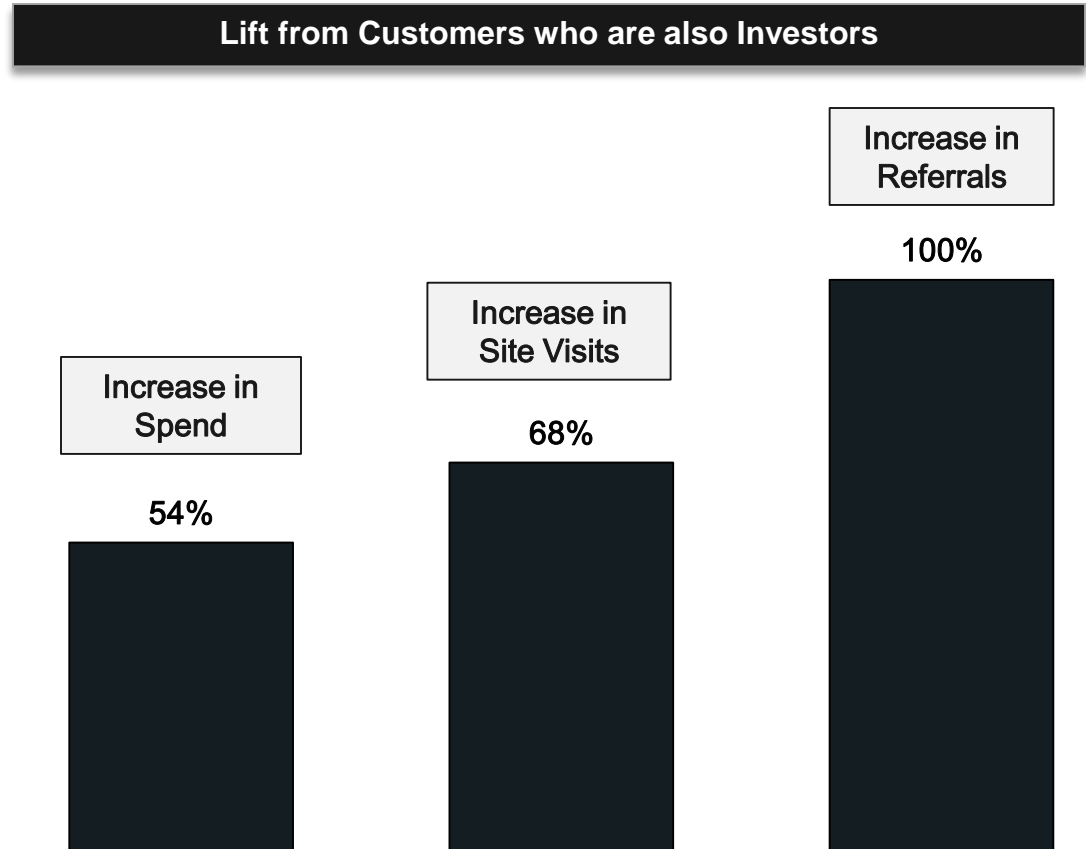
And promotes your startup at the same time.

Online fundraising allows you to raise capital and get the word out at the same time.

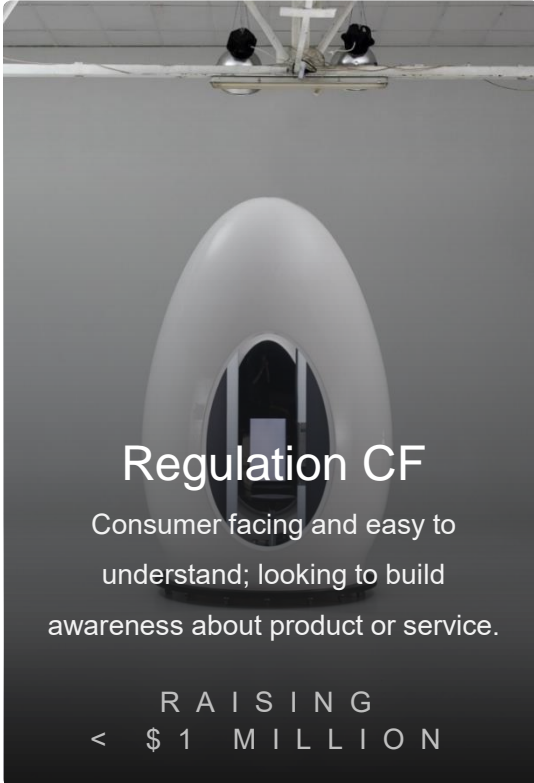
Equity crowdfunding enables startups to build an army of loyal brand ambassadors.

Customers who are also investors spend more, visit more frequently and refer more people.

Online fundraising also builds brand awareness (Virtuix and Knightscope are proof).



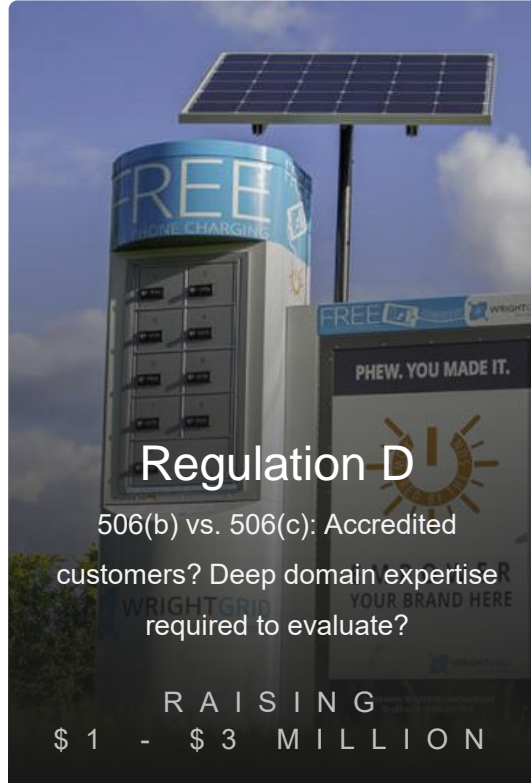
Founders now have more options.



Regulation CF

Consumer facing and easy to understand; looking to build awareness about product or service.

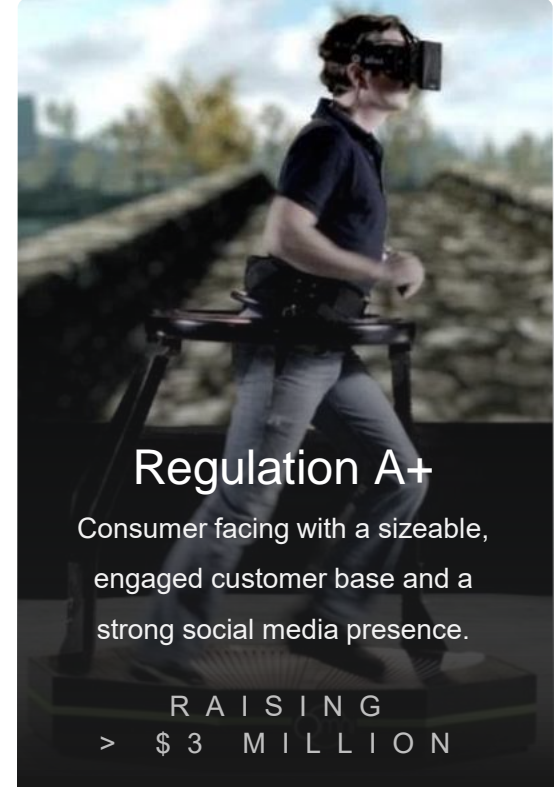
RAISING
< \$1 MILLION



Regulation D

506(b) vs. 506(c): Accredited customers? Deep domain expertise required to evaluate?

RAISING
\$1 - \$3 MILLION



Regulation A+

Consumer facing with a sizeable, engaged customer base and a strong social media presence.

RAISING
> \$3 MILLION

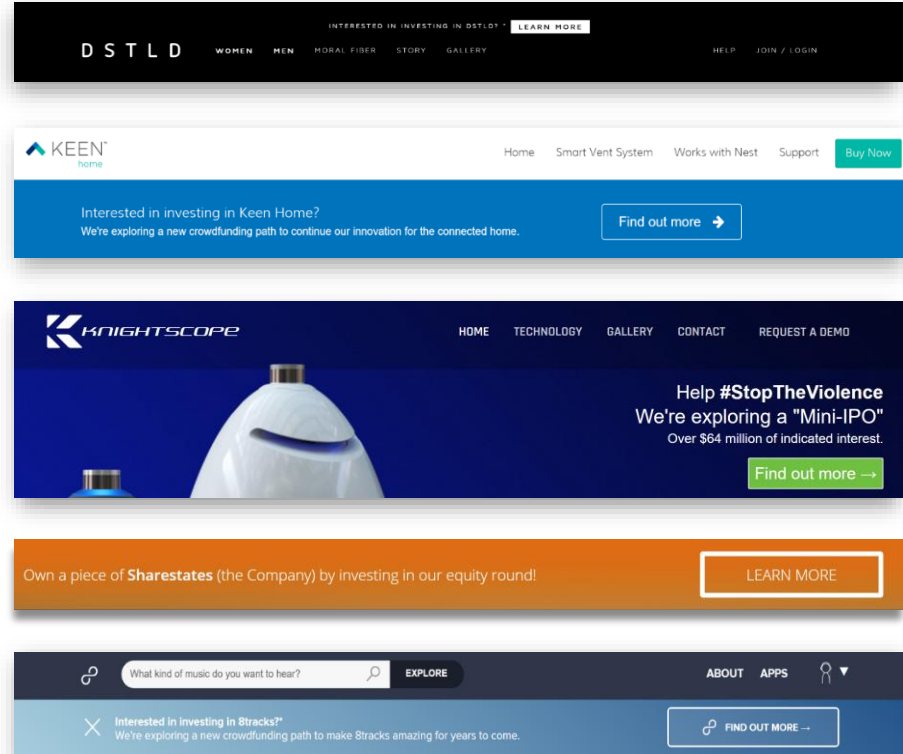
506(c) enables publicly raises from accredited investors.

Title II enabled startups to generally solicit investments for the very first time.

Can raise an unlimited amount but limited to accredited investors only and must verify investor accreditation status.

We've helped over 70 companies utilize 506(c) to raise capital publicly.

SeedInvest raised \$2 million of our own Series A through general solicitation, on our own platform.



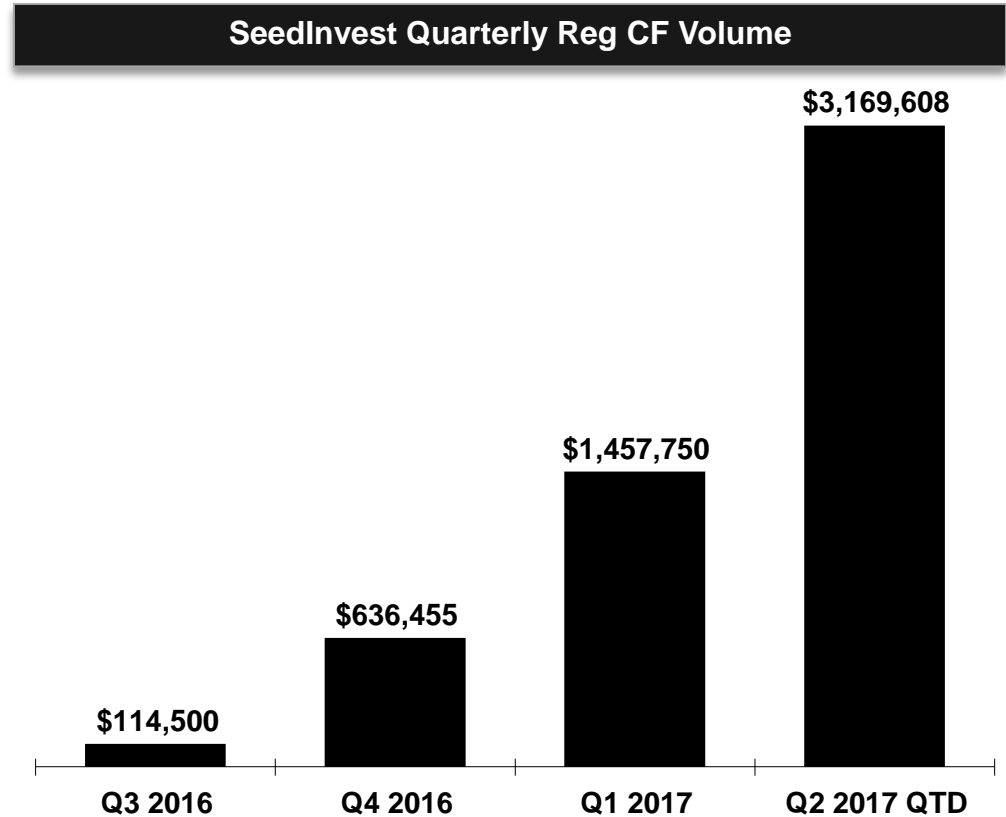
Reg CF is for up to \$1 million with lots of small checks.

Allows startups to raise up to \$1 million via small amounts from lots of people.

Provides companies with the ability to raise capital from the other 98% for the very first time.

In Q1, 60% of investments and 40% of investment dollars on SeedInvest were invested by non-accredited investors.

Startups can invite customers, backers and contacts to invest, while offering smaller investment mins.



Note: Illustrates aggregate capital raised by companies utilizing Reg CF on SeedInvest and includes side-by-side volume.

Side-by-side rounds combine the best of Reg CF and 506(c).



Note: Figures on this page are for illustrative purposes only.


Reg A+ is for \$5 - \$20 million raises.

Like Reg CF, provides companies with the ability to raise capital from everyone, not just accredited investors.


Startups are permitted to raise up to \$50 million per year through a Regulation A+ so companies can utilize Reg A+ as they scale.

Reg A+ has been powerful for consumer-facing companies to turn their customers into investors.

More expensive and time consuming than Reg CF so not worth utilizing unless raising at least \$3-\$5 million.



Now Anyone Can Own a Piece of This Virtual Reality Company



At CES 2016, Virtuix held eSports competition on its Omni with gamers playing Omni Arena in VR.

The fine print on SBS and Reg A+ Rounds.

	SBS Round	Reg A+
Typical Online Raise	\$250k - \$2 million	\$5 million - \$20 million
Filing Requirements	Form C	Form 1A (SEC reviewed)
Financial Statements	Reviewed financials	Audited financials
Time to Launch	3 weeks	2 ½ months
Campaign Length	60 days	3-4 months
Cost Requirements	\$5,000 - \$12,000	\$60,000 - \$75,000

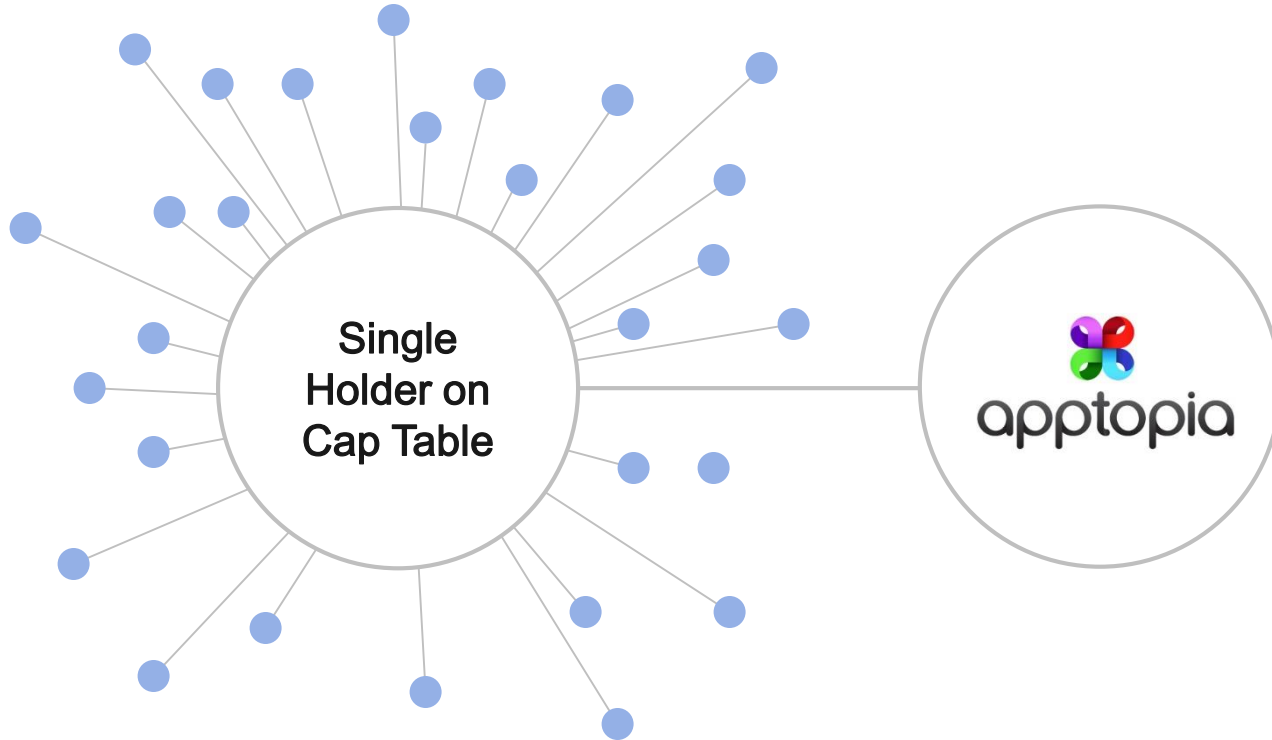
All platforms are not created equally so chose carefully.

“Investing in start-ups is really risky, and it’s very different than buying a used couch. We definitely do not think you should treat it like Craigslist.”

- SeedInvest
(New York Times, January 24, 2017)



Most platforms also don't structure things properly.



And choose a platform you can grow with.



Virtuix

Virtuix, a virtual reality motion platform startup, first raised \$1.5 million on SeedInvest in early 2014, and then went on to raise \$7.9 million two years later.

- ✓ \$1.1 million raised via Kickstarter (CF)
- ✓ \$1.5 million raised via SeedInvest (Seed)
- ✓ \$7+ million raised via SeedInvest (Series A)



Knightscope

Knightscope, a robotic security startup, first raised \$150K on SeedInvest in seven days, and then went on to raise an additional \$1.1 million six months later.

- ✓ \$150,000 raised via SeedInvest (Seed)
- ✓ \$1.1 million raised via SeedInvest (Series A)
- ✓ \$5+ million raised via SeedInvest (Series B)

This just in: our newest product “LIVE Fundraising”.

LIVE Fundraising leverages recent changes to securities laws based on the JOBS Act- this all just became possible.

Last month we partnered with Jason Calacanis to power LIVE Fundraising at LAUNCH Festival.

This was the first time that startups had ever raised capital live from accredited and non-accredited investors (12,000 people in total) at an event.



Live Fundraising was a huge success.

SeedInvest enabled 17 startups to raise capital live at LAUNCH and allowed the audience to invest as little as \$500 per company.

LAUNCH companies have raised \$3.8 million in aggregate through SeedInvest.

In total, investors made over 2,200 investments with an average investment of \$2,500.



Kylie.ai illustrates the potential of LIVE Fundraising.

Kylie.ai was one of the 17 startups that launched a live fundraiser at LAUNCH Festival.

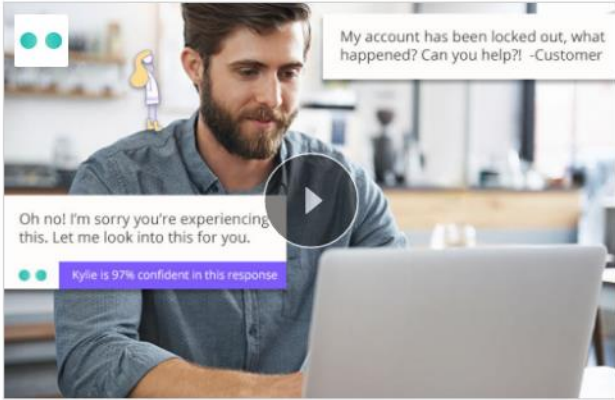
Kylie's \$1.5 million seed round was oversubscribed in just 30 days, including >\$1 million raised online.

Received 110 investments ranging from \$500 to \$350,000.

seedinvest

Auto Invest Browse Startups Start Your Raise

LOG IN SIGN UP



CRM Enterprise Software SaaS San Francisco

Website: <http://www.kylie.ai>

Share: [f](#) [t](#) [in](#)

Invest in Kylie.ai

An autonomous AI that clones personalities to automate communication.

\$1,214,750	\$500	\$5,000,000
Amount raised	Minimum	Valuation cap

INVEST

Please note that we currently cannot accept investments from the following countries due to regulatory reasons: Canada

This offering is currently fully subscribed. You can make an oversubscription request by completing the investment process. While your request will be reviewed by Kylie.ai, there is no guarantee your subscription request will be accepted.

Together with Founder Institute, let's take it to the next level.



“I think this is the kind of thing that could be the future of how startups get funded.”

- Jim Cramer, Mad Money



Ryan Feit
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