
So you want to be an Angel?

Jeff Clavier

Managing Partner, SoftTech VC

Brief Intro

- **Jeff Clavier** (@jeff)
 - French
 - C/C++ & Distributed Computing Hacking
 - Financial Services startup in 1989
 - “Traditional” VC in the Valley since 2000
 - Web 2.0 Investing
 - Angel since '04
 - Super Angel since '07
 - Micro VC since '11
- **SoftTech VC** (@softtechvc)
 - 8 years old
 - 3 funds ('04, '07, '11)
 - 126 investments
 - 22 exits
 - 60+ follow-on rounds
 - > \$850M raised
 - Deploying Fund III
 - \$55M
 - 27 investments to date
 - 60+ deals in 3 years

A few SoftTech exits

SoftTech VC I

Dec 05

TRUVEO™

Acquired by



Aug 06

userplane

Acquired by



Dec 06

MyBlogLog

Acquired by

YAHOO!

May 09

ohloh

Acquired by

sourceforge

Dec 09

GeoAPI

Acquired by

twitter

May 10

mob ly

Acquired by

GROUPON
Collective Buying Power

Aug 07



Acquired by

babycenter

Aug 07

kaboodle
Shopping for people, by people

Acquired by

HEARST corporation

Dec 09

mint.com

Acquired by

intuit.

July 10



Acquired by

DISNEY

Sept 10

thing labs

Acquired by

AOL

Dec 10

Milo

Acquired by

ebay

July 10

KONGREGATE

Acquired by

GameStop

Apr 11

dogster

Acquired by

SAY:

Oct 11

Three Rings

Acquired by

SEGA

Oct 11

friend.ly

Acquired by

facebook

Dec 11

TOPGUEST

Acquired by

ezrez

Feb 12

circle of moms
motherhood, shared & simplified

Acquired by

SUGAR INC

3/23/2012

Annual Entrepreneurship Conference



Social Media, Real-time Web & Commerce

Gaming

“New” Areas



Fab.

Byliner



**Mobile Services
& Infrastructure**

**Search, Local &
Monetization**



**(Cloud) Services &
Infrastructure**

So you want to be an Angel?

Really?

Being an Angel

- Initial Considerations
- Dealflow Sourcing, Filtering, Closing
- Portfolio Management
- VC Round/Exit

Initial Considerations

- **Should you do it?**
- Where to learn?
- What to allocate?
- Portfolio Construction
- Rule: You must be an accredited investor
- You don't do it to make money.
- You don't do it because it's cool.
- Because supporting innovation and entrepreneurs is a passion of yours

Initial Considerations

- Should you do it?
- **Where to learn?**
- What to allocate?
- Portfolio Construction
- Conferences like this
- Experienced angels
- Consider joining local angel groups
- Reading blogs, tips, books
 - “Do More Faster”

Initial Considerations

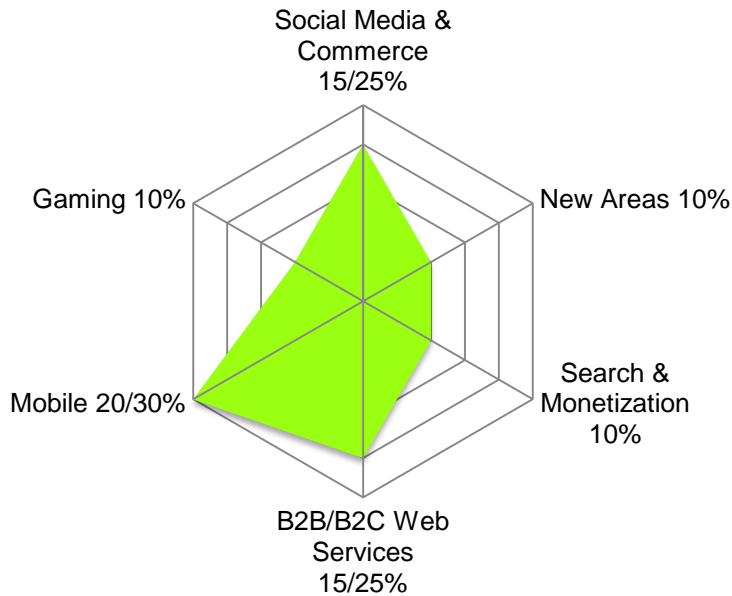
- Should you do it?
- Where to learn?
- **What to allocate?**
- Portfolio Construction
- Figure out an amount you'll set aside
 - Typical: \$100K+ to \$1M
- Put it in a separate account
- Act as if that money had evaporated, expect it may never come back
 - It's like Vegas baby, in the worst case, it won't!

Initial Considerations

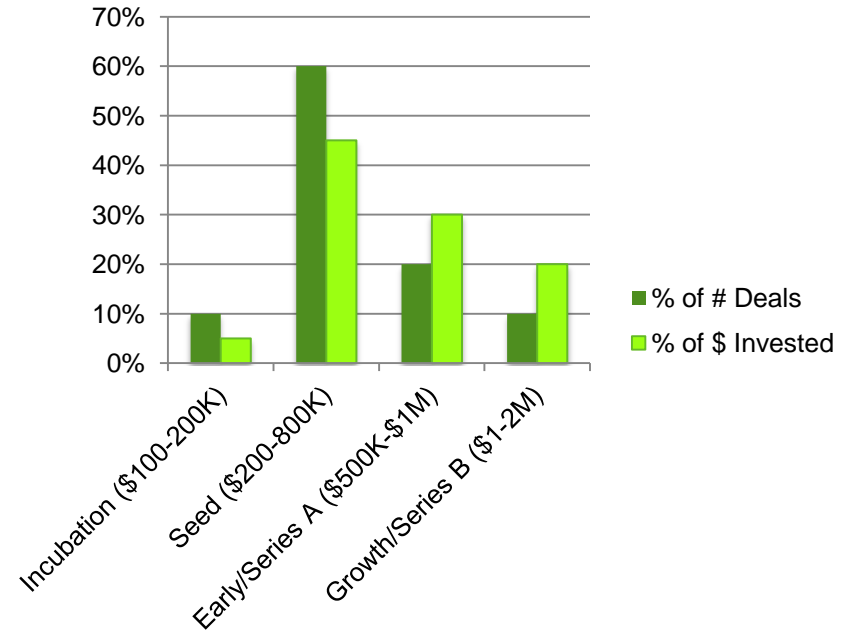
- Should you do it?
- Where to learn?
- What to allocate?
- **Portfolio Construction**
- Divide your “budget” in “slots” of \$10K to \$25K
- Invest over 3 years
 - Don’t rush!
- Diversify risk
- Don’t love it? Don’t do it
- Figure out: sectors, types of startups, locations, profile

That's how we do it too

Sector Repartition



Deals/Dollars per Stage (Initial investment)



Being an Angel

- Initial Considerations
- **Dealflow Sourcing, Filtering, Closing**
- Portfolio Management
- Raising the next round, Exiting

How do you attract good deals?

- The Value Added Way
 - Define your value add
 - Hang out, network, meet entrepreneurs
 - Listen, give feedback
 - Offer to help, hustle
 - Develop your reputation
 - Personal Brand is the key, Social Media is the marketing channel
 - Build your track record
- The Other Way
 - Align with experienced investors
 - If you can, find a mentor
 - Offer to shadow their investments
 - Listen, Learn, Complement
 - Really tough in the Valley and NY

How do you filter deals?

- Mileage will vary with these suggestions
- Remember that I passed on

Linked 

 **twilio**[™]
CLOUD COMMUNICATIONS





How do you filter deals?

- Apply your investment thesis as absolute filter
 - Sector, Location,...
- How we summarize our criteria?

A smart-ass team, building a kick ass product in a big ass market

 - Referred to as the “3- asses rule”
- Ex. in Web 2.0:
 - Team = Distribution, Design, Development
- Ask Domain Experts
- Answer Yes to:
 - Do you like founders?
 - Are you passionate about the product?
 - Love this deal?
 - Warning: at the beginning, you’ll love every deals

Deal Terms/Closing

- Contract between the startup and investors
- Two main structures:
 - Equity: you buy shares at an agreed price
 - Convertible debt: eventually into equity
- Valuation? Key Terms?
 - Go standard
 - seriesseed.com
- Lead investor will
 - Negotiate terms/price, allocations
 - (Hopefully) do the due diligence heavy lifting
 - Work with lawyers to finalize deal docs
 - Coordinate the closing
 - Commit resources to support the company, join the board (maybe)

Portfolio Management

- The art of getting information and helping without interfering
 - It is not your company, it's theirs
- Establish upfront data reporting (if any), areas of support, rules of engagement
 - A monthly email from the CEO, spelling out progress, challenges and specific asks helps a lot
- Getting worried? Compare notes with the lead and your co-investors

Key Inflection Points

VC Round

- Takes place 12/18 months after angel funding
- Entrepreneurs need pitch feedback and VC intros
- STFA if you have not raised money yourself
- Intros need to be tightly coordinated, back channels too
- Fund raising is lead's job

Exit

- “Good things happen to good companies”
- As angels, you are here to “enjoy the VC ride”
 - Can take a long, long time
- You can chose to sell at the end of the journey, or interim buyout opportunities
- **As angels, any positive exit is a good exit**

Good luck, and thank you!

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