ensemblate

We find the right partners for
innovative companies with ambition.

FINDING THE RIGHT INVESTORS

The short-and-sweet guide on how to find the right investor to finance your pre-seed, seed or series a round.

1. Geofocus.

While some investors will finance companies anywhere in the world, others tend to limit their geographical focus (geofocus) to companies closer to home, or to specific markets they know best.

Finding out about the geofocus of investors is critical, because no matter how good your idea, it may not get financed if you are not located (or if you do not operate) in the countries and/or markets of interest.

Most investors will list their geofocus on their website. Cannot find it? Have a look at their portfolio companies to see if they have also previously invested in your country or region.

2. Investment stage.

The preferred investment stage(s) of investors is usually expressed in ambiguous terminology: pre-seed, seed, late-seed, pre-series-a, early stage etc.

To find out whether your company is in the right stage to be eligible for an investor, it may be more efficient to find the investor's preferred commercial stage of development.

Are they investing pre-revenue or post-revenue? If pre-revenue, do they require a minimal viable product / prototype, or would an idea/patent be sufficient? If they invest post-revenue, make sure to find out how much annual recurring revenues (ARRs) your company should be generating.

3. Ticket size.

The amount an investor is willing to invest in your start-up is usually displayed as a range, for example €500k - €1,500k.

If your ask is lower than the ticket size range, this may be a large indicator that your company is too early-stage for the investor.

However, if your ask is slightly above the ticket size range, you must strongly consider approaching the investor: if your idea is sufficiently interesting, there is a large chance that you will find a mutual agreement on how to lower your costs, for example by shortening the runway of the project.

4. Sectors and Verticals.

While most sectors and verticals can be interpreted in a broad way, there are a few which must be interpreted very strictly, including an exclusive focus on B2B/B2C, Hardware/Software, or in the world of life sciences, Therapeutics.

In addition, for Impact investors, consider whether you can clearly demonstrate or quantify the environmental or social impact of your innovation.

When in doubt concerning sectors and verticals, it never hurts to apply. You miss 100% of the shots you don’t take.

5. Portfolio

The portfolio of investors is the most direct reflection of the products, sectors and stages they would like to invest in.

If you are doubting whether a certain investor will be a fit with your start-up, a quick look at their portfolio may give you all the answers you need.

Once they have invested in a similar innovation, it does however not guarantee that they will also be interested in your product. If your product resembles their asset too closely, or even competes for the same customers, it may be against their own interests to invest in your company.

6. Team

Chances are somebody from the investment firm financing a substantial part of your round will take part in the board of your company. To ensure that your future board members will accelerate your innovation rather than delaying it, make sure to do your due diligence on investors you are approaching.

Are you a scientist looking to commercialize a product? You may want to partner with an investor mainly employing serial entrepreneurs with MBAs in your field of expertise.

Are you an entrepreneur looking for scientific know-how? Make sure to check that you are able to collaborate with people who are PhD+ in your focus area.

We *ensemble*, you *innovate*.

Do you like our content or do you need help in finding the right investors? Follow us and feel free to reach out.

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