

RAISING VENTURE CAPITAL



ICON

CORPORATE FINANCE

IF YOU'RE LOOKING FOR A PARTNER WHO DELIVERS ON THE DEAL, INCREASES YOUR SHAREHOLDER VALUE, PROTECTS YOUR EQUITY POSITION AND FAST TRACKS YOU TO FUNDING - **LOOK NO FURTHER, YOUR SEARCH IS OVER!**

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SEVEN COMMON MYTHS

1] 'IT WOULD BE EASIER IF I WAS RAISING £20 MILLION INSTEAD OF £2 MILLION.'

Wrong they are both equally hard – there is no easy way to raise capital no matter what the amount. In fact there exists an excellent range of venture capital investors at the £1m - £5m range.

2] 'I NEED TO RAISE SOME INTERIM FINANCE QUICKLY AND THEN WE WILL DO OUR PROPER FUNDING ROUND.'

No such thing as quick money every round takes time – you'll need to allow at least six months, even for smaller amounts.

3] 'IF I WAS IN THE STATES IT WOULD BE EASY TO RAISE MONEY.'

Wrong it is just as difficult and time intensive.

4] 'I KNOW SOMEONE - IT TOOK THEM JUST TWO WEEKS TO RAISE THEIR VENTURE CAPITAL.'

Wrong, they're lying. Reminds me of the quote "It took me twenty years to become an overnight success."

5] 'I DON'T KNOW WHY THEY CALL IT VENTURE CAPITAL THEY DON'T TAKE ANY RISKS'.

Wrong, venture capital is all about taking calculated risks. Remember these guys spend their lives looking at the best companies to invest in and they still get it wrong, some of the time. It is damned hard to create a successful business and it is even harder to spot the winners. If it was easy we would all be rich! If they get it wrong they lose their money – the more you can help a VC manage their risks in the decision making process the more likely you are to get funded.

6] 'WE ONLY WANT TO GIVE AWAY 15% OF THE BUSINESS FOR THE £3 MILLION WE ARE SEEKING TO RAISE'.

Wrong, no point dictating terms at the outset, the critical aspect is to get the VCs interested in your business. Deals can be structured in all sorts of ways and in the final analysis the market decides what are the appropriate terms. Just make sure you get specialist corporate finance advisors on board who know how to structure the right deal – if done properly the efficient execution of the VC process will get you the best investor with the best terms.

7] 'WE NEED THE MONEY TO INVEST IN OUR TECHNOLOGY'

Wrong, most of the money raised for technology businesses is not for developing technology but for developing sales and marketing infrastructure. It is not the companies with the world's greatest technology that win through, but the ones who are the best at selling and marketing their products.