



# Pitching to Angels

*CNYBAC presents: Pitching to Angels 2025  
Session Presentation by Eisner Advisory Group LLC  
and member Mid-Atlantic Bio Angels*

*John Pennett, National Leader of Technology  
and Life Sciences Practice*

# Why is this Presentation Important?

Starting a company is hard work and failure is far more common than success

- 90% of startups fail; 10% fail within the first year
  - Product market fit – lack of marketability
  - Second largest reason why startups fail (~30%) is due to running out of capital
  - Cultural fits

VCS receive more than 1,000 proposals a year

- Less than 1% of startups evolve into a “unicorn”

**Forbes**

**Criteria for a  
successful startup –**

“

*They have a product that meets a need, they don't ignore anything, they grow fast and they recover from the hard-knock start-up life.*

”



# Early-Stage Venture Capital Return Targets; Deal Metrics

- Many 2021 and 2022 vintage funds are still pacing their capital deployment cautiously — only 43% deployed after 24 months
- Venture Capital has the highest risk of all asset classes that institutional investors participate in, therefore it must also have the highest expected returns
- Rule of thumb for returns – S&P 500 plus 500 basis points
- 7x invested capital within 7 years
- Approximates 32% IRR
- Target batting average of .333 – bulk of fund return on 1/3 of investments; get only initial capital back on 1/3 of investments; lose entire investment on 1/3 of investments
- **Venture capitalist's rule of thumb with their portfolio companies- “if you are going to fail – fail early”**



# Preparing Your Pitch

## Essential Elements for Your Deck

1. **Start with a Hook**
2. **Research Your Audience**
3. **Demonstrate Market Potential**
4. **Highlight Your Competitive Advantage**
5. **Focus on the Team**
6. **Show Financial Projections**
7. **Build Credibility**
8. **Be Transparent**
9. **Engage with Visuals**
10. **Practice and Refine**
11. **Follow Up**

## Attracting Investors:

- Demonstrate that your approach is both **unique and effective** in solving a genuine problem, and that your team is well-equipped to execute the plan.
- Prepare to explain in detail how you will utilize their investment to **achieve specific milestones** and illustrate your deep understanding of the market.
- Identify and **address any weaknesses** in your pitch by seeking feedback from trusted advisors **before presenting** to VCs.



# What VCs Look for in an Investment Opportunity

## TEAM AND TAM!

A large, growing  
market

Proven  
management team

Disruptive  
product/technology

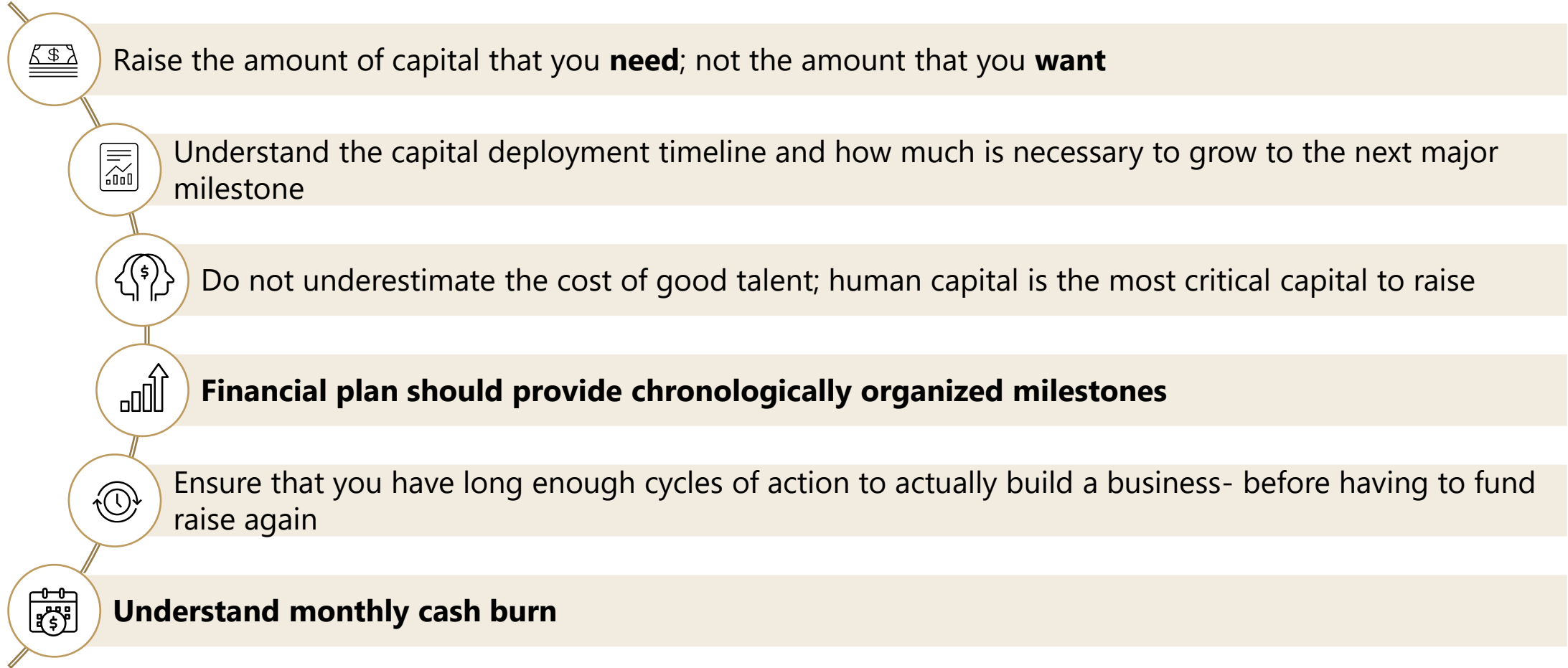
Barriers to entry

Some level of  
market acceptance

- Remember your company is being evaluated as an investment opportunity, make sure that the potential investors understand how you will make them a lot of money
- Investors want to hear about **Problem, Solution and Validation**
- FOMO – “Fear of missing out” – Investors hate to lose out on a hot deal



# Key Issues to Consider Before Fundraising



# Raise the Right Amount of Capital – Too Much Can Be a Problem!

- Larger capital raises usually involve more onerous investment terms and higher levels of due diligence (longer achieved, to close)
  - Investor may own a majority far too early in the process
  - Loss of incentive for the entrepreneur
  - Perpetuates financial laxity, loss of focus and possible overspending by the management team
- High implied post money valuation can lead to problems if milestones are not achieved, and additional capital needs to be raised
  - Want to avoid DOWNGROUNDS



# Valuation

- For early-stage companies, valuation is an art, not a science – the valuation reflects what investors are willing to offer

## Company specific issues in negotiating valuation:

- Market opportunity – size, rate of growth, competition
  - Management – credentials, track record, drive, vision
  - Product/Solution – Achievable , salable, scalable, timely, protectable
  - Progress – how far along is the company in execution?
  - Competition analysis
- Better answers = reduced risk = higher valuation
  - Your best valuation comes through having more than one investment offer





# Early-Stage Financing Structures

## Common Stock

- Typically reserved for founders and incentive programs

## Series Seed Convertible Preferred Stock

- Equity Stake
- Liquidation preferences
- Convertible to common stock

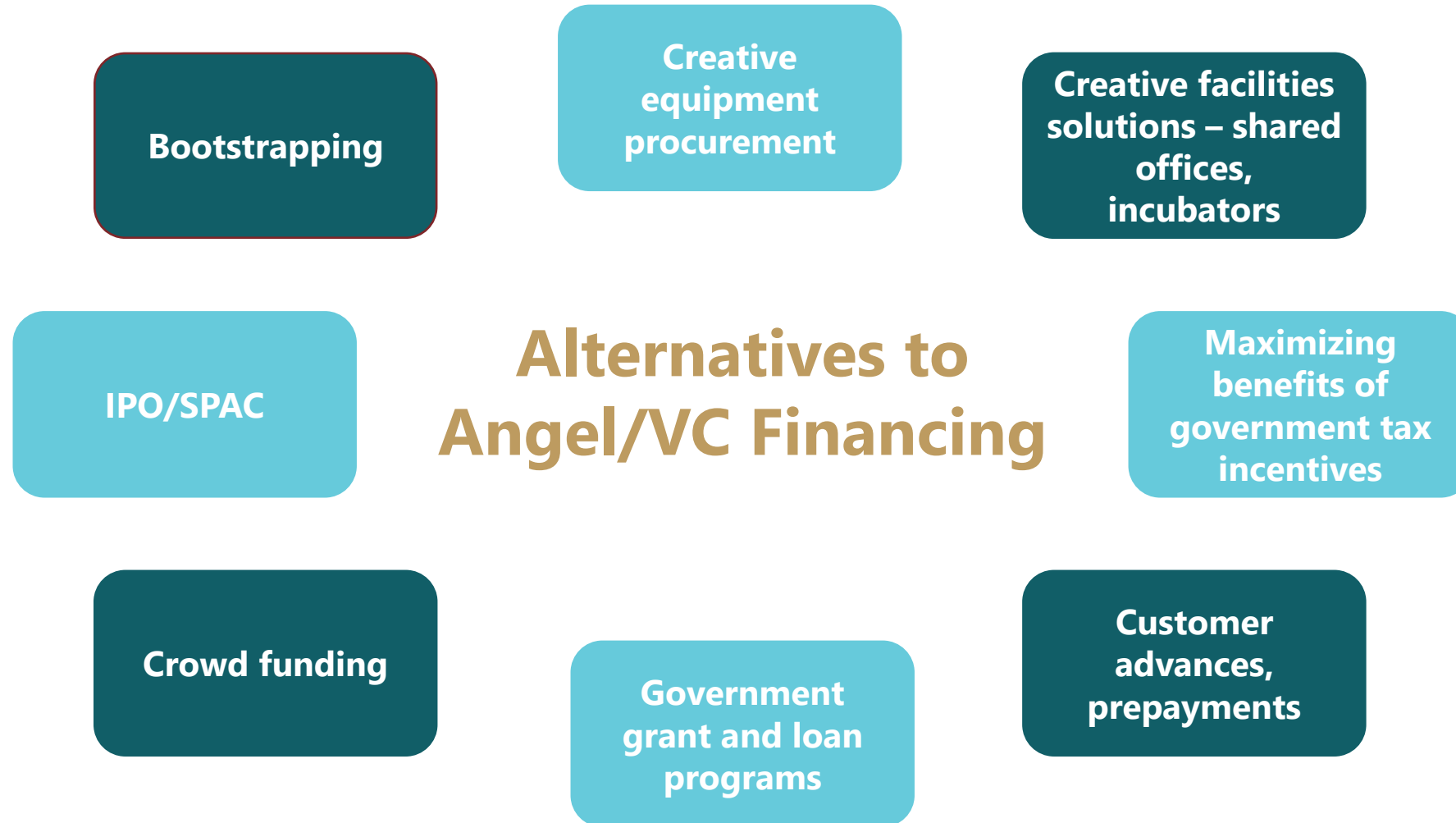
## Convertible Notes/ Convertible Debt

- Structured as debt; no immediate rights to equity
- Convertible into equity at the point of qualified financing
- Conversion cap and discount

## SAFE = Simple Agreement for Future Equity

- Neither debt nor equity
- Capital in exchange for a warrant for stock issued at a later time





# What it takes to be “Diligence Ready?”



Deal room – particular areas of focus:

- Corporate structure documents
- Corporate governance documents
- Cap table
- IP – licenses, patents. What are your commitments/encumbrances?
- Team – employment, contractor, etc.
- Customer/vendor agreements
- Research about your competition and previous research done in that “area”
- Taxes - especially payroll, franchise and international



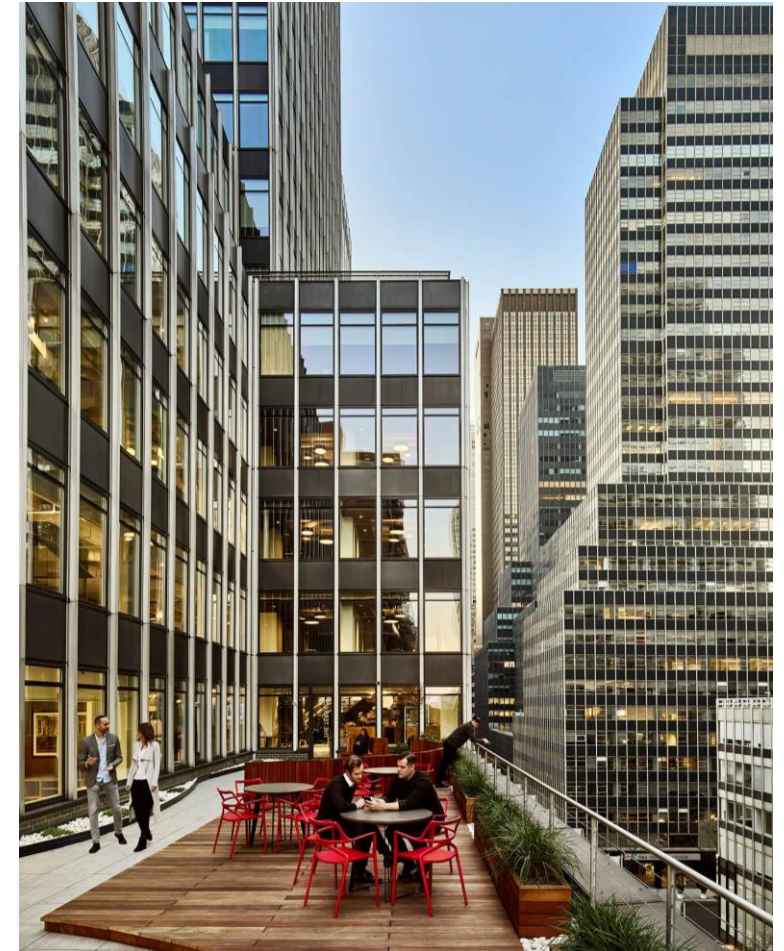
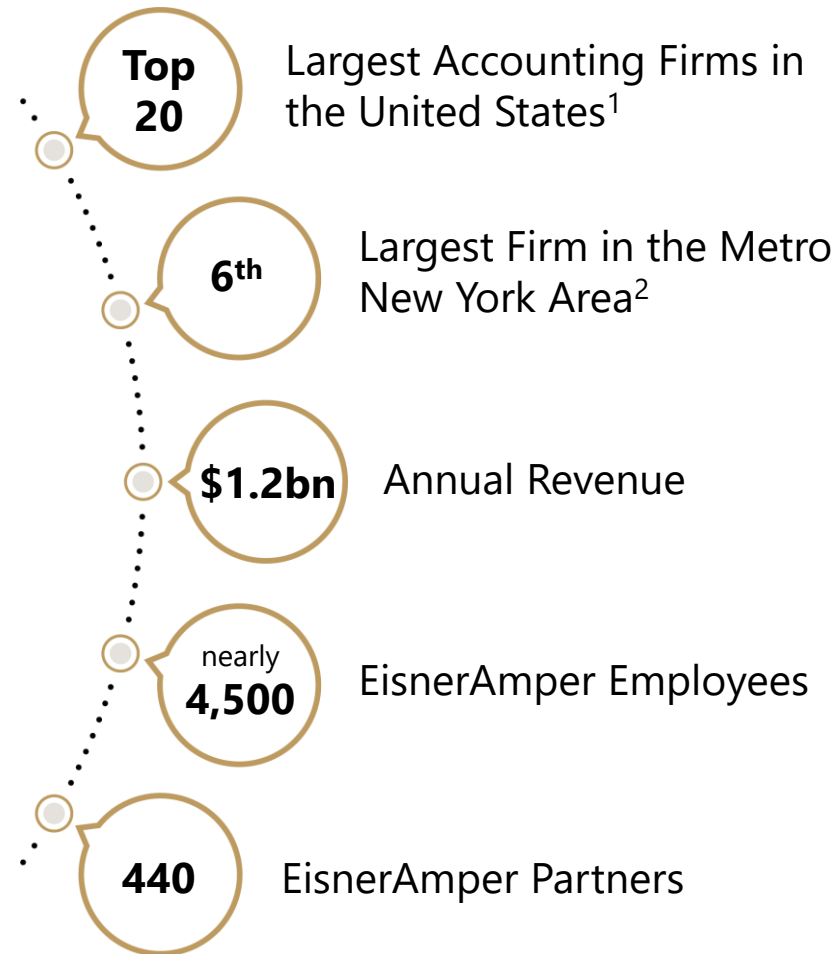
# Financial Due Diligence

- Historical financials
  - Balance sheet, income statements and cash flows
  - Funds raised/spent
  - Key metrics for Your Business/industry
- Projections
  - Credible presentation of what it will cost to achieve the next inflection event
    - Identify processes required, and associated resources
    - Clinical pathway assumptions
    - Market assumptions and related margins – present based upon facts not hopes
  - Fixed/Variable costs
  - Non-cash costs



# EisnerAmper At a Glance

Audit, accounting, tax, and business advisory professionals serving public and private companies across a broad range of industries.



<sup>1</sup> Accounting Today

<sup>2</sup> Crain's NY Business





# Service and Ability

## Accounting

- Audit & Assurance
- Employee Benefit Plan Audits
- Outsourced Finance & Accounting
- Royalty Audit/Contract Compliance
- SOC Reports

## Tax

- Federal Tax
- State and Local Tax
- International Tax
- Private Client Services
- Tax Controversy & Dispute Resolution

## Outsourcing

- Association Management
- EA Outsourcing Solutions
- EA RESIG-Fund Administration
- Family Office Solutions
- Outsourcing for Financial Services
- HR Advisory and Outsourcing
- Outsourced IT
- Property Accounting
- Tax Function Outsourcing

## Advisory

- Bankruptcy and Restructuring
- Corporate Finance
- Disaster Management and Recovery
- Employee Benefits Advisory
- Environmental, Social and Governance (ESG)
- Federal Government Contracting
- Financial Management and Disbursements
- Forensic Litigation and Valuation Services
- Grants Management
- HITRUST
- Regulatory Risk and Compliance Solutions
- Retirement Plan Administration and Consulting
- Risk Advisory
- Settlement Administration
- Technical Accounting
- Transaction Advisory Services
- Compensation Resources
- EisnerAmper Wealth Management and Corporate Benefits





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PARTNER | EISNER ADVISORY GROUP LLC

John Pennett is the Partner-in-Charge of the National Technology and Life Sciences Group. He has 35 years of public accounting experience, with a strong emphasis on public and private life science and technology companies. John is a frequent writer and speaker on industry topics. He is the publisher of Catalyst, a newsletter focused on delivering informative content on both business and technical issues affecting entrepreneurs in the technology and life sciences space.

Additionally, John supports entrepreneurial organizations around the country with content, resources and program development, and serves as a mentor to several early-stage companies.

John has led the accounting, auditing and strategic advisory work for more than a 50 IPOs, private financing and mergers and acquisitions with an aggregate valuation in excess of \$3 billion. In addition, he has served as the interim lead of the firm's Risk Advisory Practice, leading internal audit, contract compliance and Sarbanes-Oxley implementation and testing. He is deeply involved in the firm's Outsourced Accounting Services practice and the International Services Group.

John previously worked as an Audit Partner for an international accounting and consulting firm.

## SPECIALTIES

- Life Sciences
- Technology
- Public Companies
- Entrepreneurial Support & Education
- IPO Prep

## CREDENTIALS/EDUCATION

- Certified Public Accountant (CPA)
- Rutgers University: BS, Accounting

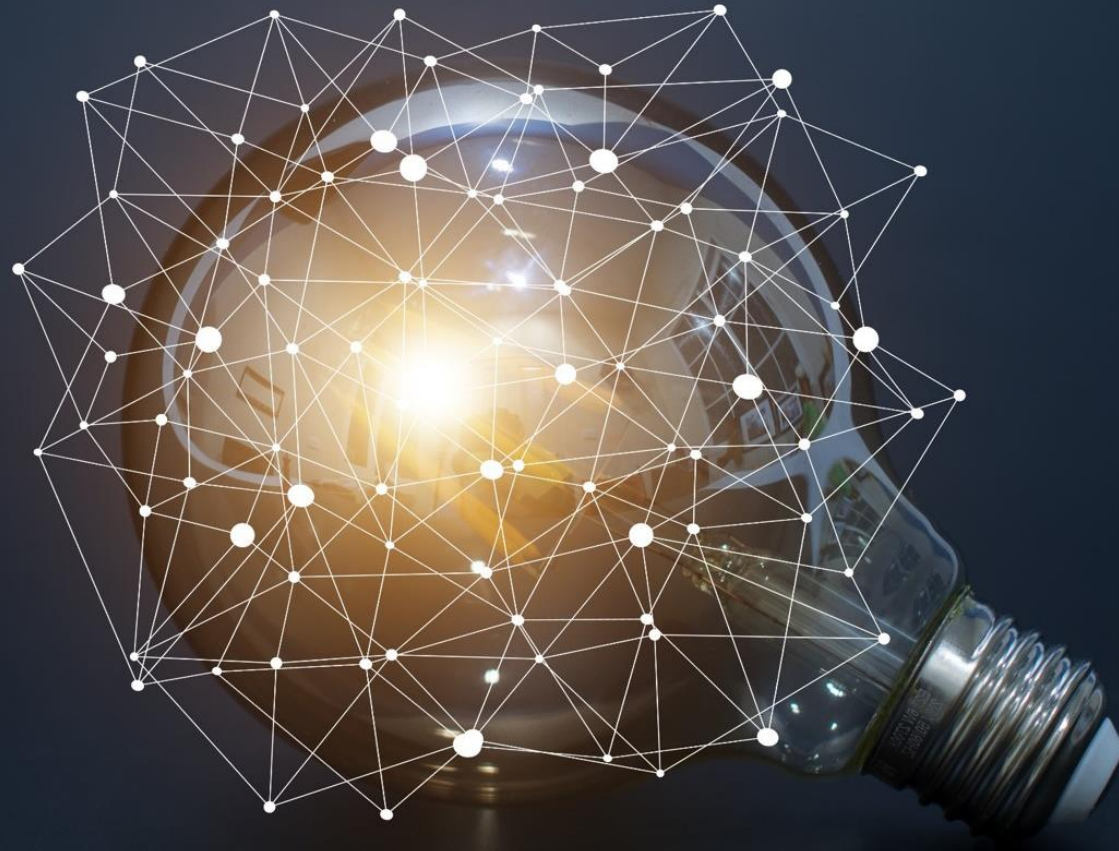
## AFFILIATIONS

- American Institute of Certified Public Accountants
- New Jersey Society of Certified Public Accountants
- BioNJ: CFO Committee Co-Chair
- New Jersey Technology Council
- Life Sciences Pennsylvania
- Rutgers University School of Business: Accounting Advisory Board
- New Jersey Bioscience Center (formerly CCIT) Advisory Board
- eLabs Advisory Board





# Questions?







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