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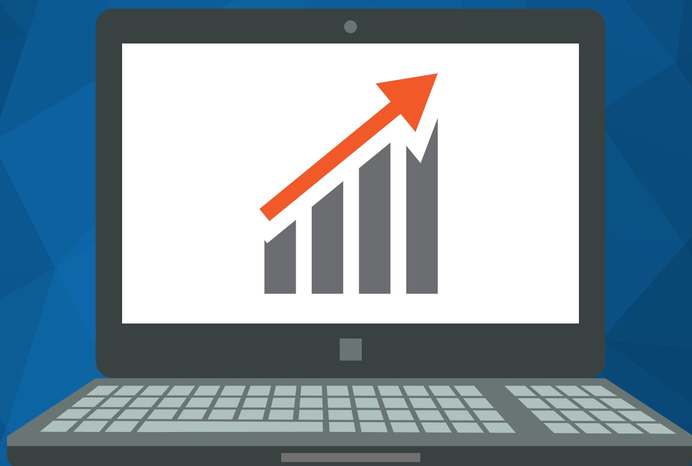


What We Learned from 200 Startups Who Raised $360M

Why do some startups get funded? What makes for the best pitch? How does the process work?

DocSend recently teamed up with Professor Tom Eisenmann from Harvard Business School. Together, we conducted research that gave us the answers to those questions. We studied the fundraising of 200 startup companies as they went through their Series Seed and Series A rounds. Altogether, these companies raised more than $360 million.

200 COMPANIES

$360M RAISED

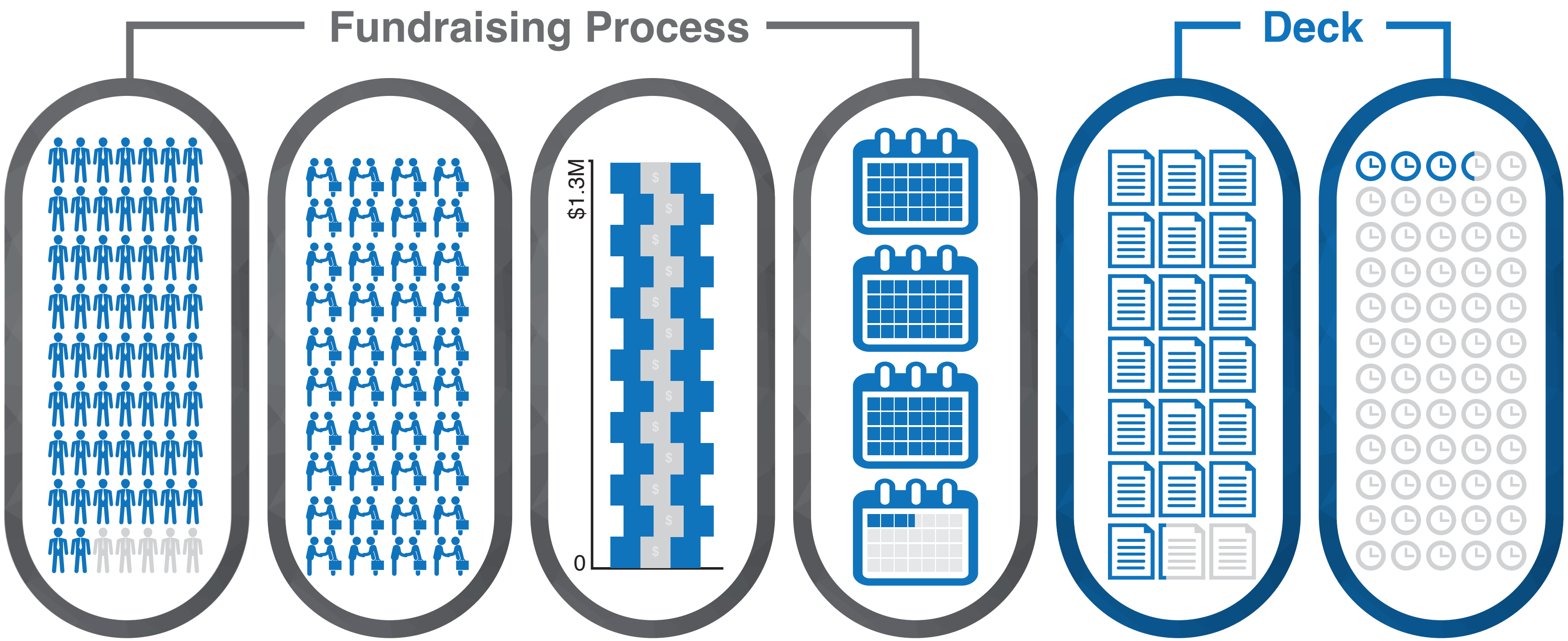
DocSend is a sales enablement tool that tracks per-page analytics on document usage and is a popular way for founders to send pitch decks to investors. This put us in a unique position to conduct this study.

All of the companies that we chose through our selection process opted into the research. In addition to sending their decks to investors using DocSend, they answered a detailed questionnaire on what the overall fundraising process was like. Some of the companies that participated include August Locks, Panjo, Shift Cars, Back to the Roots, Wiser, Tiggly, 20twenty, Boomtrain, and mNectar.

Stats From an Average Series Seed Raise

Starting a company is a brutal process. Getting outside funding is a necessary step for many tech startups, but it's an opaque and frustrating process for those doing it for the first time. With that in mind, we wanted to shed some light on what a typical successful seed round looks like.

Here are some of our main findings:



58 Investors Contacted

40 Investor Meetings

$1.3M Capital Raised

12.5 Weeks to Close

19.2 Page Avg Deck Length

03:44 Minute Avg Visit Time

Seven Actionable Takeaways

If you're thinking of raising a seed round for your startup, here are seven take aways from hundreds of companies who successfully raised.

1. Keep your deck to 20 pages or fewer. Each visit will only be 3m 44sec on average.

2. Raising seed funding will take longer than you think. Don't start to despair until you've been at it for a few months.

3. Try to raise from a seed firm before you go to angels. Firms will give you more money in less time with fewer meetings.

4. More meetings does not equal more money. Focus on getting quality introductions to investors who are likely to be a fit. Quality over quantity.

5. You'll likely need to contact 20-30 investors. But you won't need to contact hundreds.

6. Spend time on your deck. Specifically, make sure your team slide looks awesome. If you include a financial slide, which is optional, remember it'll be your most viewed.

7. Don't list your deal terms in your deck. Deliver them in person. The terms can vary by investor.

Table of Contents

Designing a Successful Seed Deck

The average length of the seed decks we studied was roughly 19 pages, and most had a similar format. The following table shows the types of pages used in the average order by the frequency in which they occurred. This table also notes the average length for each section of the deck, if that figure was included. We categorized pages according to Sequoia Capital's list of recommended categories.

Smart Key

Category

If included, # of pages

% decks including

Category	If included, # of pages	% decks including
Company Purpose	1.8	73%
Problem	2	88%
Solution	1.2	69%
Why Now	1.7	46%
Market Size	1.4	73%
Product	5	96%
Team	1.2	100%
Business Model	3.4	81%
Competition	1.4	65%
Financials	2.3	58%

Recommended Deck Ordering

The ordering for DocSend and Sequoia differed only in a few places:

DocSend
OBSERVED ORDER

1 Company Purpose	2 Problem	3 Solution	4 Why Now	5 Market Size
6 Product	7 Team	8 Business Model	9 Competition	10 Financials

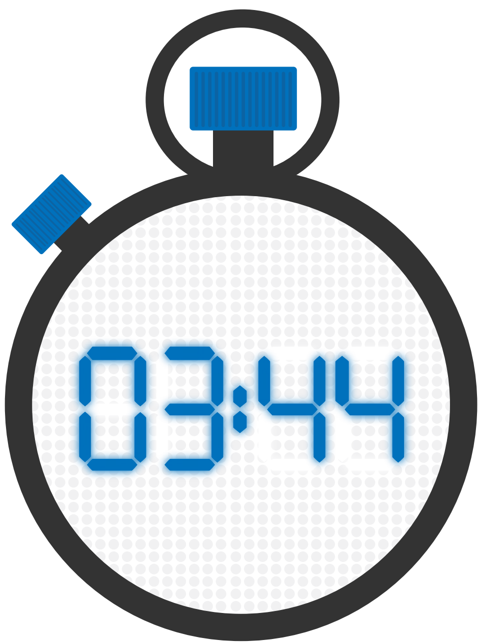
SEQUOIA
RECOMMENDED ORDER

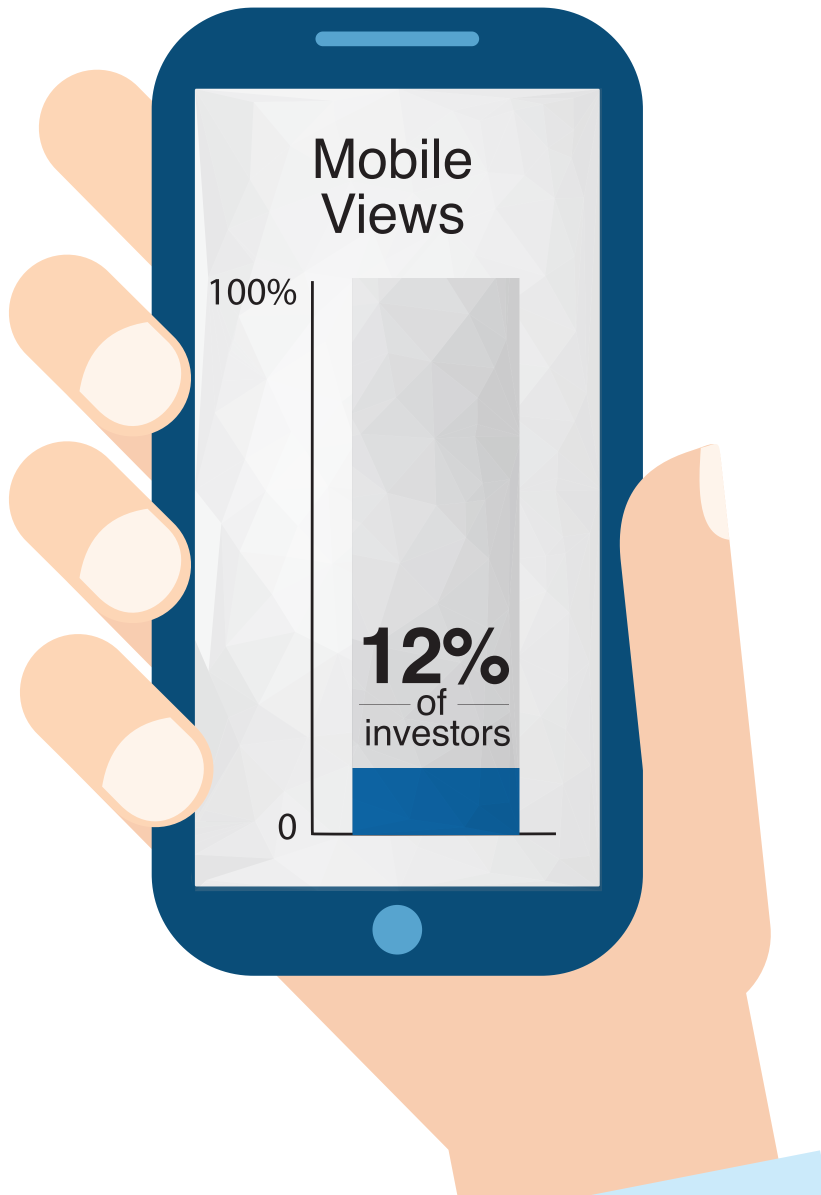
1 Company Purpose	2 Problem	3 Solution	4 Why Now	5 Market Size
6 Competition	7 Product	8 Business Model	9 Team	10 Financials

The ordering of the sections was fairly standard, except for the team page. This page appeared either at the beginning or the end, but never in the middle. Within the 200 companies we studied, more companies placed the page at the end and not the beginning. This practice is in line with advice from Reid Hoffman, who advises companies to lead with their investment thesis, not a team page.

The Average Pitch Deck View

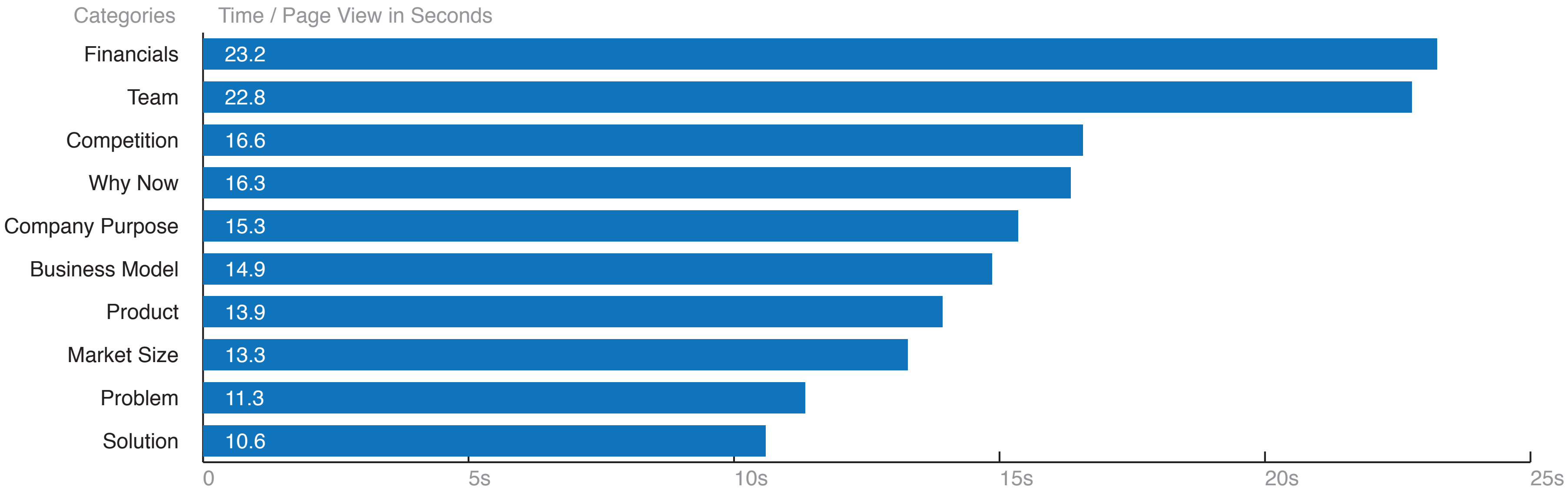
Viewers studied the average successful deck for 3 minutes, 44 seconds. This time might not sound like much, but the length was more than we expected. Compare that time to DocSend's own pitch deck, viewed on average for a little more than two minutes. Twelve percent of investors read the pitch decks from their mobile phones as well, so make sure your deck looks OK on a tiny screen.





Which Pages Matter the Most

A few questions arise: Where was this view time spent within the pitch? If you spend extra time fixing up your deck, which pages should you focus on? Where should you anticipate questions? The following table shows the average time spent per page in each category.



Interestingly, although the financial category takes the place, only 57 percent of successful decks have this section. The low rate of inclusion is mostly due to the fact that many seed stage firms do not yet have financial results on projections. Almost all of the seed decks, and many of the A decks, don't contain any significant financials to discuss.

If you include financials, be very thoughtful with the content, as viewers will spend the most time on this section. Ensure your team slide, whether at the end or the beginning, also looks amazing.

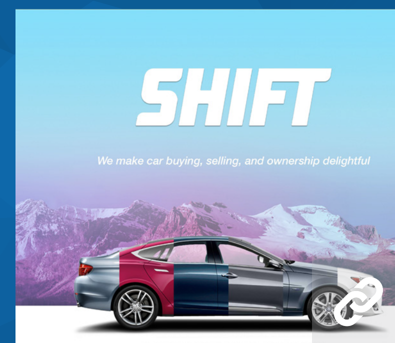
One thing that's important to note is that almost no decks listed the amount they were raising and the terms of their fundraise. This information is always better delivered in person, and can vary from investor to investor.

Example Pitch Decks

Some of the companies in our data set agreed to share their decks publicly. If you'd like to see some pitch decks to get ideas to create your own, these samples are great.

Boomtrain

Panjo



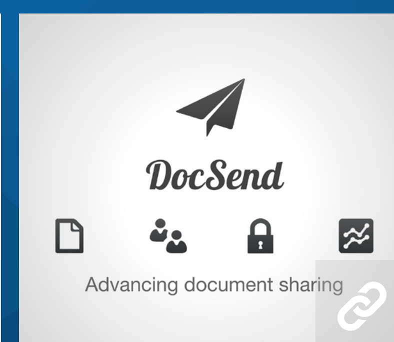
Shift Cars

Yoga Trail

Smart Host

Sunshine

Dineserve



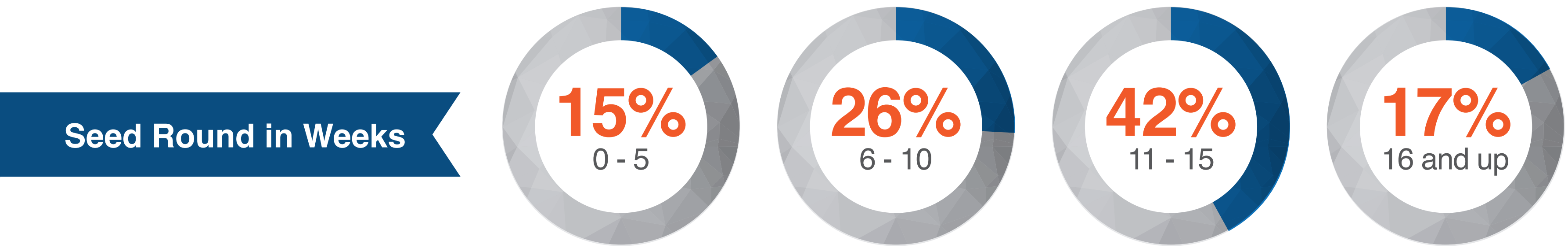
DocSend

Surviving the Fundraising Process

A Matter of Time

How long does a typical seed round take to raise? Within DocSend's data set, on average, the round took 12 1/2 weeks. However, we saw much variation around this average. One-fifth of the companies took 20 weeks or longer, and another one-fifth took six weeks or fewer. The longest successful round took 40 weeks to close.

Companies that failed to successfully raise funds gave up after an average of 6.7 weeks. These companies may have failed simply for lack of patience: the companies that had successful rounds reported that the process took longer than expected. We asked the research participants to rate the actual length of their fundraising round against their expectations. On a scale of one to five, where three was "as expected" and five was "waaaaay longer," the average response for seed rounds was 3.6.



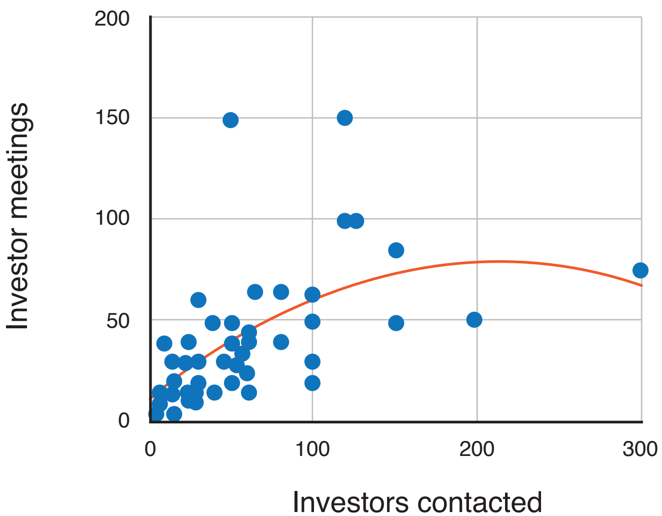
Certainly, while patience is beneficial for startups, knowing when to give up, take a step back, and take a fresh look at the situation is important. Three-fourths of the companies that failed to raise seed funding planned to try again, and the average time until they plan to restart their efforts is 8.9 weeks—plenty of time to make progress on their business and incorporate feedback.

Strive for Quality, Not Quantity, of Investors

It's tempting to think that the more investors you contact, the better your chances of raising money. Unfortunately, this situation isn't the case. Certainly, the more investors you contact, the more meetings you'll get, up to a point. Note: in the data reported here, an entrepreneur could have multiple meetings with one investor, making it possible to have more meetings than investors contacted.

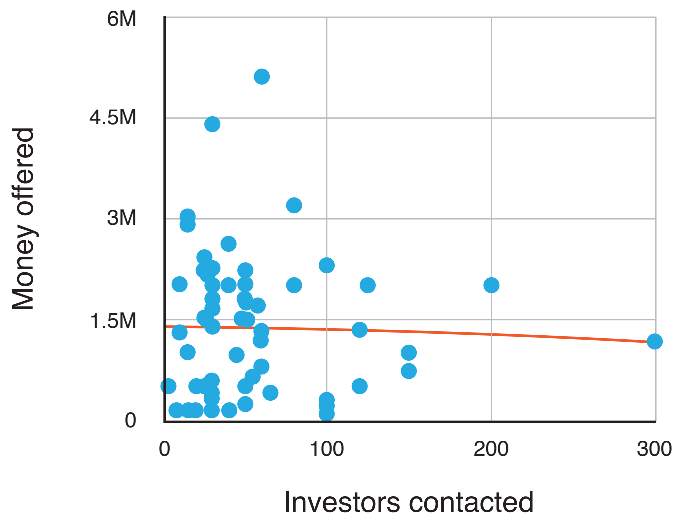
Contacting more investors will get you more meetings, but it won't necessarily get you more money. Focus on the quality of your connection to the investors you contact. In this graph, we compare the number of investors contacted and the amount of funding raised. There isn't much correlation, and if anything, the impression is a bit negative.

Investors contacted vs meetings



Contacting more investors will get you more meetings, up to a point.

Contacted vs money



Contacting more investors won't help raise more money.

What to Do and When to Give Up

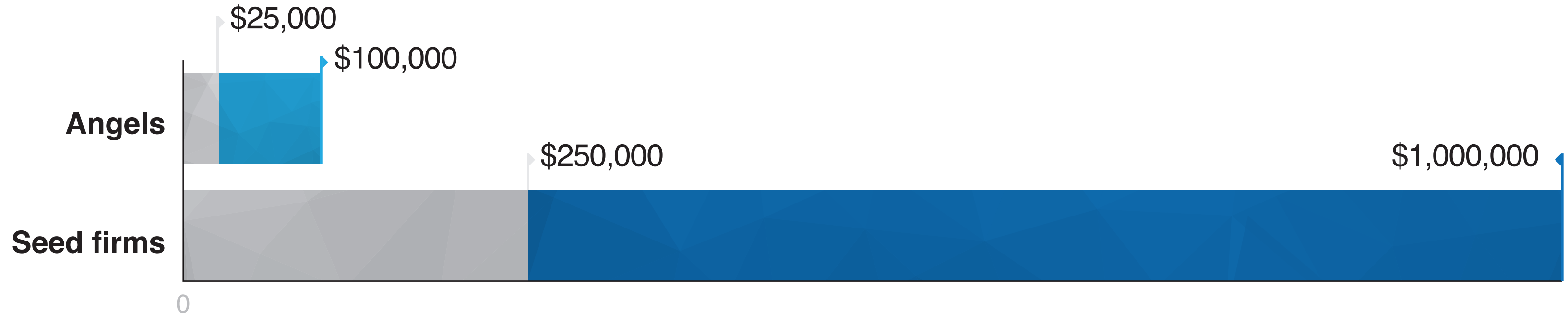
Create a list of 30 investors you feel would be particularly passionate about your pitch. Most of the startups in our data set had to contact only 20 to 30 investors to close their round.

If none of them agree to invest, something may be off about what or how you're pitching. Take their feedback seriously and make some changes to your pitch before contacting more investors. If you still haven't closed investors after contacting 100 of them, you should seriously rethink either your timing in the market or the project. A few companies raise money after contacting more than 100 investors, but that scenario is rare and a big drain on your time.

How Much and From Whom to Raise

Earlier, we noted the average seed round in DocSend's data set was $1.3 million. The amount and the process, however, varied widely depending on whether the entrepreneur raised from angels or a seed firm.

Angel investors are wealthy individuals who give their own money to a project; they typically give between $25,000 and $100,000. Seed firms are small venture capital funds that pursue investments on a full-time basis. These firms usually invest between $250,000 and $1 million in a project.



Angels vs Seed Firms

The following are a few of the key trade-offs:

Angels

Pros

Angels are typically operators, so they can relate and have a personal interest in your project. Because you'll have a few angels in your round, you'll have a sizable support group behind you.

Cons

Angels have busy lives and fluctuating funds, so you may not always be able to rely on them for the money and support you need. You also need to sell to more of them for a round.

Seed Firms

Pros

These firms have professional, savvy investors. The firms invest more, so they have a greater financial interest in seeing you succeed. Firms also have more money to give you later if you need it.

Cons

Firms may try to control your business decisions, and they aren't always qualified to give you the best advice. Firms also see a lot of deals, so it's hard to get their attention.

Firm Rounds: Rarer but Better

In general, angel-led seed rounds are much more common than firm-led seed rounds. According to David S. Rose, an angel investor, seed firms fund about 1,500 startups each year while angels fund roughly 50,000. This discrepancy is partially because seed firms invest in about one of every 400 companies they consider, while angels choose one out of every 40. Those numbers are by no means exact, but they do illustrate that if you wish to get a firm's attention, you need to have an outstanding pitch deck and know the selling points of your business inside and out.

According to DocSend's data, although angel-led seed rounds are more common, firm-led rounds have much more favorable characteristics. If you are able to raise funds from a firm, you'll get twice as much money in 30 percent less time. You'll also need to contact only 40 percent as many investors.

The following summarizes the differences:

	Firm	Angel
Avg time to fundraise (weeks)	9.6 ✓	13.5
Avg investors contacted	29 ✓	68
Avg investor meetings	27 ✓	45

	Firm	Angel
Avg money raised	$1,995,952 ✓	$989,118
% oversubscribed	36.8% ✓	18.9%

Our recommendation is to try raising from a Seed Fund first.

Series A vs Series Seed Rounds

Series A rounds are much less common than seed rounds. In DocSend's data set, **nine seed rounds existed for every series A round**. It appears that the Series A Crunch is still in effect. Although we have fewer data points, we managed to collect some statistics on the differences between seed and A rounds.

If you are able to raise a Series A round, the process is easier than for a seed round. A rounds take less time, yield more money, and require fewer investors than seed rounds.

Here are some of the key facts we gathered:

9.6
weeks

Series A rounds took an average of 9.6 weeks, 24 percent less time than the time given for the average seed round.

26
investors

During A rounds, companies contacted an average of 26 investors, versus 58 investors contacted for seed rounds.

30
investor meetings

During A rounds, companies had on average 30 investor meetings, versus 40 investor meetings for seed rounds.

$1.3
million

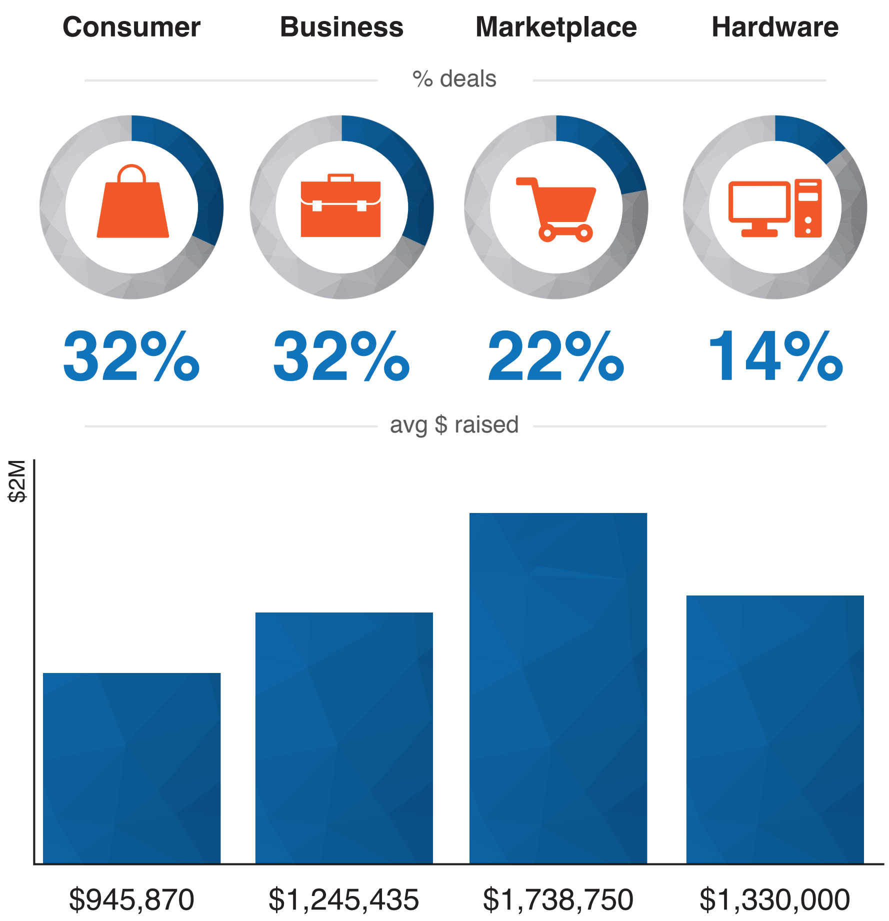
The average money raised during seed rounds was just under $1.3 million, where the money raised during A rounds was more than $8 million.

Easiest Markets for Seed Funding

Consumers' needs and other economic conditions impact which business models receive the greatest success during fundraising. While trends are always fluctuating, in the past 12 months, four types of companies stood out as having the most success during seed rounds: consumer, business, marketplace, and hardware.

On average, marketplace companies raised the most money in their seed rounds. Successful marketplace businesses are quite rare, but when they work, they're also much bigger, like Uber or Airbnb. Raising money for a marketplace startup takes a long time. Although there's a lot of money for companies in these categories, convincing investors that your startup is going to win takes longer.

The following are some of the key statistics on the fundraising efforts of the four types of business models:



To Recap, Seven Key Takeaways

Fundraising for your startup can be an opaque and frustrating process when the future of your business is on the line. Keep these take aways in mind to maximize your chances of successfully raising a seed round.

1. Keep your deck to 20 pages or fewer. Each visit will only be 3m 44sec on average.
2. Raising seed funding will take longer than you think. Don't start to despair until you've been at it for a few months.
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Wondering what happens after you raise a seed round of funding?

See what DocSend did on our blog

Want to see who reads *your* pitch deck and where they spend time?

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