



**The good, the bad and the ugly**  
*scaling from idea to exit*

## The context of my presentation (who the hell is this guy on webex)

- first company with 16
- 4 companies so far, always international exit
- last two exits
  - JouleX (energy management) to Cisco after 3 years for \$107m
  - Relayr (industrial IoT) to MunichRE for \$300m after 3,5 years
- around 15 business angel investments, active PE portfolio and a few LP investment mainly in US VC funds

What is this presentation about?

***This session today is about the scars on my back.***

***Or, in other words, my experience***





## How to get started

***An idea that addresses an impactful and relevant problem  
which is successfully addressable with technology in a  
scalable fashion***

***Be an entrepreneur not an enter-pretend-er***

# What should I look for?

- Don't focus on the "art of the possible" when it comes to digital or technology – **technology is just a means** to enable an outcome / business case
- **Focus on market transformations**, inefficiencies in processes or supply chain
- **Look at trends that will change industries**, processes or they way products are being sold (i.e. free money from the feds, negative interest rates, inability to foresee the future in a given industry)

# Your funding roadmap

**Business Angels / incubators:** Help you avoid mistakes and connect you to relevant stakeholders (investors, customers, advisors, acquirers)

**Seed:** First institutional investor helping you build your MVP

**Series A:** Scale your technology / business to more than the few customers you have. Start selling at scale. Don't be opportunistic.

**Series B:** Sales, sales, sales... and route to profitability

**Series C:** and beyond (if needed): growth

# What is needed in each phase of funding

- **Focus, Focus, Focus**
- ***Hypothesis*** you will ***prove*** with your ***current funds***
  - Prove your hypothesis in each phase
  - you build your company around those hypothesis, so they are important!
- ***Milestones*** you ***will achieve*** with your ***current funds***
  - work against your milestones (use of funds and ticket size are important elements)

# How much should I raise

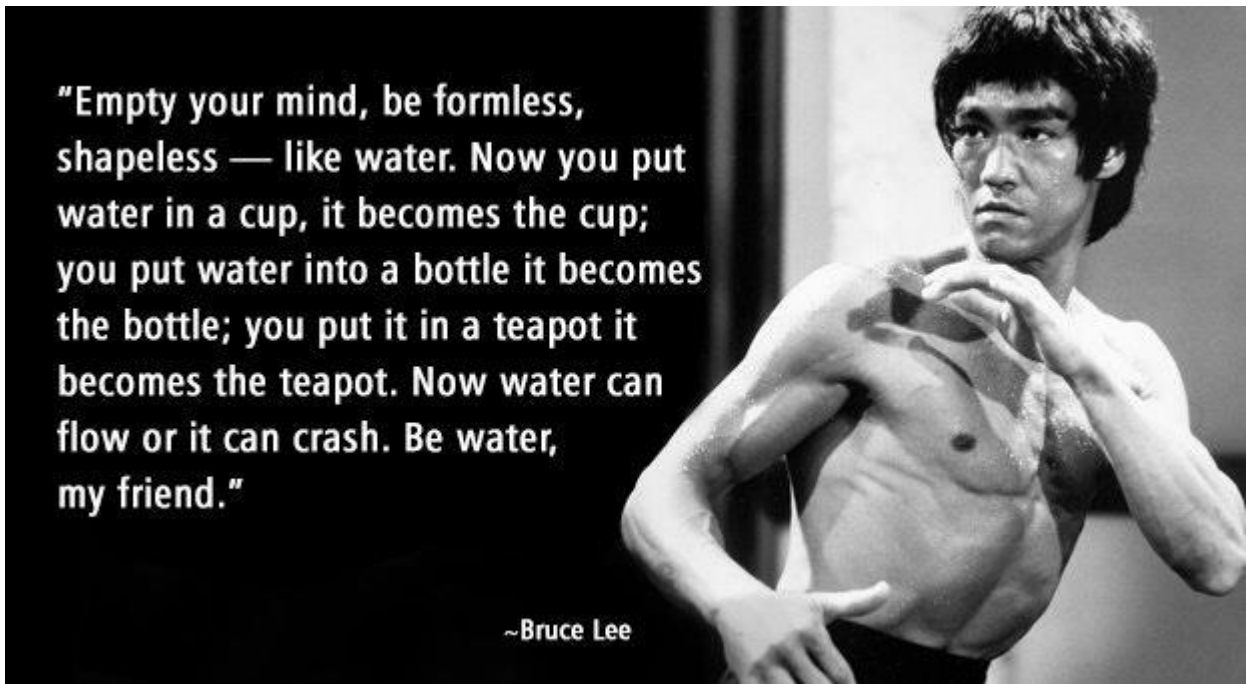
**Never raise (or ask BASF for) too little and try not to raise too much**

**Too much capital makes you slow and inefficient, too little might kill you prematurely (while you might already be able to see light at the end of the tunnel)**



# How much advice should I get

## Never get too little advice but find your own KungFu



## Who to get money from

***Never underestimate the importance of the right funding partner (independent to the stage)***

- Do due diligence on your **business angels and VCs!**
- How **“old”** is the VC fund that wants to investment from (early or late; how long can they invest from this fund)?
- How **much dry powder** do they have?
- How **connected** are they **internationally**?
- Are they **risk takers or bankers**?
- What is their **reputation** in the market?

# Timing

***The biggest mystery of starting a company: timing***

**Am I too late or am I too early?**

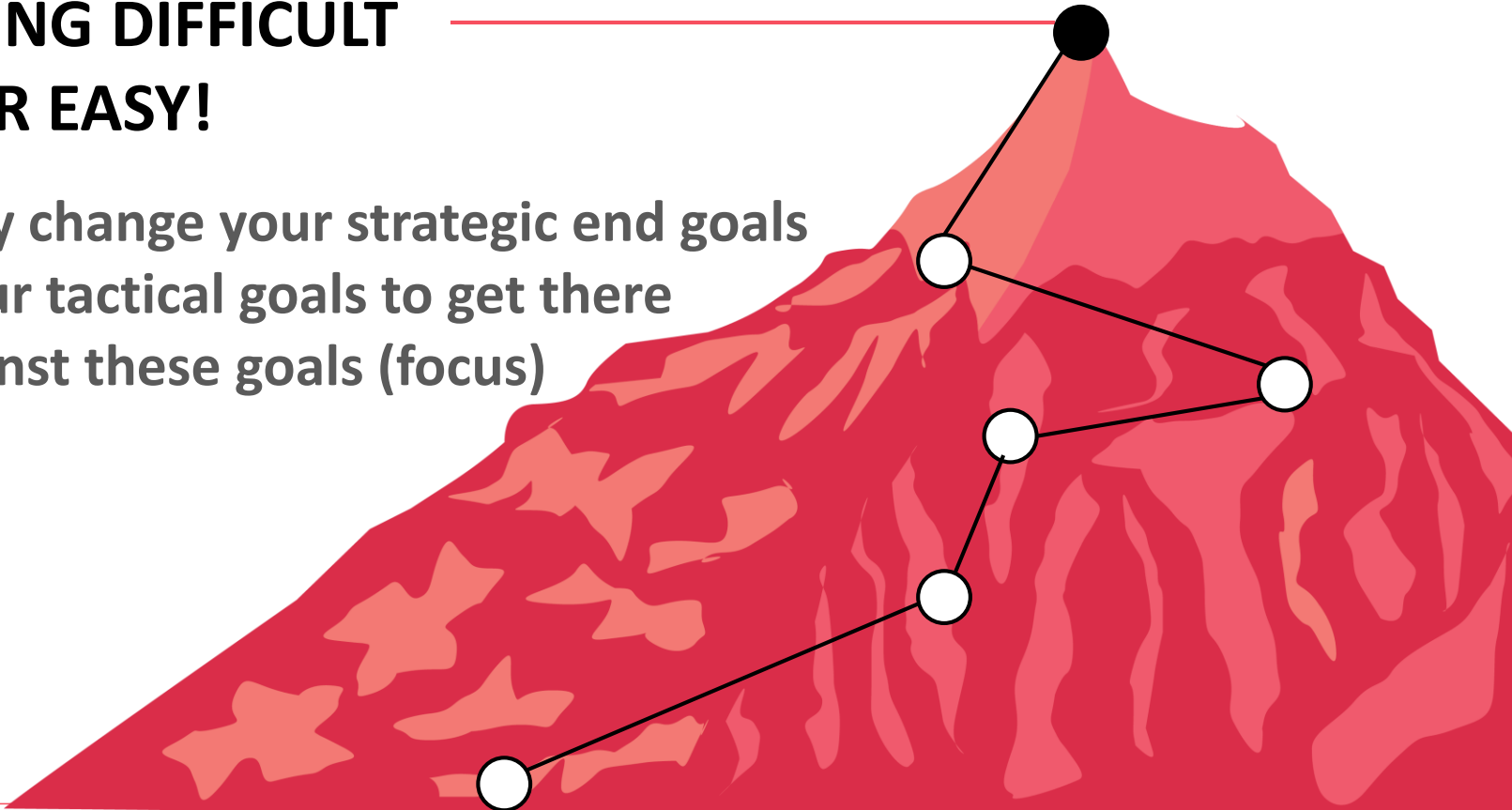
**You certainly don't want to be the first nor the last!**

the only thing that matters: your strategic end goal



# NOTHING DIFFICULT IS EVER EASY!

Very rarely change your strategic end goals  
Adjust your tactical goals to get there  
Work against these goals (focus)





How do I sell my company

You don't

How do I get acquired

**Much better question!**

Your **focus** needs to be around **building an important** company that will ultimately be a cash cow by **addressing a relevant problem. *Go big or go home!***

When someone reaches out to you to have a **strategic discussion, position yourself in their language** and help them understand ***how you will impact them strategically***

## challenges associated with success

- A **20 people company** needs **different employees** and different deal types / structures **than a 100+ people** company → maintain evolution and churn!  
 → Churn is your friend (target 20%)
  
- **Growing internationally** will **change** how you have to **communicate internally**
  - No kitchen talks anymore
  - Gravitation around your headquarters (not good)
  - Different cultures
  - Sales people are far away from engineering (caution: silos)!

## challenges associated with success - continued

- One of the *most underrated executives* when scaling your business: **COO** (*I mean a proper operator, not just another founder who needed a title*)
  - It is **easy to accelerate** a company and **brute force into the first customers**
  - It is **hard to operationalize** a company and really **scale it profitably**
- You *cannot be perfect in your hiring* process but you need to *be perfect in your firing* process
- *At the end of the day this is not a democracy* (value input from your entire organization, then make a decision)
- **God blesses execution**



## Your most important asset: culture

- Whatever you do: never forgot the most **important asset** you have: your company culture.
- **Culture will kill.** It will either **kill your competition or it will kill your startup.** Choose your option wisely!
- *“Culture eats strategy for breakfast”*
- Make hard decisions to keep your culture (again: **churn is important**)

## Lastly and most importantly

Everything I told you today was *heavily influenced by the scars on my back*, you might have a different reality and could *possibly succeed by doing the opposite of what I said*

If you are convinced: **do it!**

**But please stay away from advisors who charge you or from investment banks when you are early.**