



Investor sentiment on COVID-19 implications

Recommendations for founders

The objective of our VC survey was to gauge sentiment data on **how venture investors react to the COVID-19 crisis**. Around 80 investors took part in the survey between 9 and 15 April 2020.

In addition to the quantitative data, we received many insightful and valuable qualitative contributions from the survey respondents and through side meetings. We have summarised the essence of the **investors' advice on fundraising and pitching** during these uncertain times in this supplement document for founders and growth companies.

We hope this supports ventures navigating this challenging period.

Advice on fundraising under the current market conditions

- **Adjust your time frame and strategy** in fundraising, if possible. Consider shifting financing rounds to Q4 2020 or later, if your sector is negatively affected.
- Show that you fully understand the current situation and **reflect the impact on society and economy**, incl. venture and investor perspectives.
- **Rethink how you can grow** post-crisis, adapt your business plan, put a stronger focus on cash flows, profitability and cost sensitivity. Show and explain your adaptations.
- Expect delays, consider **longer fundraising processes** and spend your time more wisely, investors focus on portfolio triage and will be more careful with new investments.
- Take advantage of the **access and knowledge of your current investors**, send regular updates and share your challenges, consider an inside round.
- Your existing **network and connections to multipliers** are more important than ever, request warm introductions to suitable investors or other relevant stakeholders.
- Many **established funds** are occupied with portfolio matters, **first-time funds** in your field could react and decide faster, funds in the end of their investment period could be more selective too, be more flexible on terms and valuations.
- Open-up your round to more investors and **expand your short-list** of potential investors.
- Consider **circling back to investors** who were interested but missed your last round.
- **Venture debt or working capital financing** as alternative funding sources.

- To speed up the process, **provide your fundraising materials earlier** (full deck and memo), followed by your financial model and KPIs.
- Improve your **virtual due diligence process**, e.g. share a more **extensive client reference list** earlier in the process.
- Follow the developments regarding **public start-up support** closely (e.g. loans from public development banks, rescue programmes of the German government especially Corona matching facility and start-up/SME support).

Advice to adapt and improve a virtual investor pitch

- **Basic setting for video conferences** includes neutral background, use of headphones and have a backup available, ensure a stable internet connection.
- Use the **right conferencing tools** and send clear invitation links (common ones are Zoom, Google Hangout and Microsoft Teams), make sure you communicate fast and effectively.
- If possible, **use two separate screens for your digital pitch**: one to share the presentation, the second to monitor the body language of your audience more clearly.
- Demonstrate **enthusiasm with your tone of voice and body language**, some small talk in the beginning can help to build rapport and to create a pleasant atmosphere.
- Design your **pitch deck** more **remote-friendly** (e.g. font size, visuals) and be ready to **demo** your product remotely.
- If you start the presentation, **reassure with your audience**, that the slides are moving.
- **Send materials always ahead of the meeting** to enable pre-meeting research.
- Investors recommend to currently **emphasise** not only on **traction, business resilience** and **profitability**, but also **post-COVID opportunities**.
- Mention **experiences of your management team** in handling other critical situations successfully (e.g. during financial crisis).
- In video conferences with many participants (e.g. virtual matching events): **change the default naming**, show your company name first and your personal name second.
- **Practice your adjusted investor pitch** to make a strong first (virtual) impression.
- **Post-pitch analysis**: write down challenging questions, also what went well and what did not.

Receive the full investor sentiment report on our website: www.venture-network.com

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