Startup Funding in San Antonio

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Whoami?

Full-time investor. I work on businesses. Not in them.
Objective for this talk

Give you a survey of the Startup Funding options available here in SA and beyond.

Can’t cover it all in 30 minutes but we’ll do what we can!
Startups vs. Normal Businesses

Startups are a special type of scalable business that can grow really quickly (say 15% monthly) for years.

Usually generated by a tech innovation or societal shift.

Venture capital targets these.
Startups are Teeny Tiny

Less than 1% of all businesses get VC.

Not much.

So, remember most businesses funded the “Old-fashioned Way”
“The Old-Fashioned Way” of Funding

Paying customers!
Your own savings
Friends and Family
Bank loans
Grants
Reality

There isn’t an amazing amount of capital willing to take large risks in Texas.
But, it can be done...

Rackspace
Airstrip
Par Level
ScaleWorks
WiseWear
Dauber
... and so on.
Geekdom Fund

- Investing in Startups
- Looking for the next Rackspace, Datapoint, Dell, etc.
- Internet-tech product companies doing B2B with a potential for a huge outcome someday.
- Writing $50-$500k checks into Seed/Second Seed/Series A Rounds.
RealCo Seed Fund Program

- Program In Tech District
- Looking for the next Rackspace, Datapoint, Dell, etc.
- Internet-tech product companies doing B2B with a potential for a huge outcome someday.
- Writing $100k checks into Seed Rounds.
Active Capital

- In Tech District
- Focused on B2B Saas companies and want to lead rounds.
- New Fund here.
San Antonio Angel Network

- Band of local high net-worth individuals who want to invest in startups/new businesses.
- Varied interests, stages and so on.
- Usually writing $25k-$100k into funding rounds.
Friends and Family

You get someone you know to believe in you.

(Easier said than done. But, without track record it’s sometimes the best option!)
Funding Options Vary by *Stage* of Business

- Idea
- Team
- Product
- Users
- Revenue
- Growing
- Mature

SOURCE: Cambridge Associates, Matthew C. Le Merle – Keiretsu Capital
Funding Options Vary by Type of Business

- Services Business
- Internet-tech High-growth Product Startup
- Bio/med-tech High-growth Product Startup
- B2C
- B2B
- B2G

SOURCE: Cambridge Associates, Matthew C. Le Merle – Keiretsu Capital
Getting it Done

- Get Good Mentors and Advisors
- Be prepared to travel (Austin, SF, Houston, Dallas, etc)
- Read.
Lastly… Hustle Matters

Jeff Bezos on Charlie Rose explains Amazon's first round of fundraising:

geekwire.com/2013/jeff-bezo...

Bezos: “The riskiest moment for Amazon, Charlie, was at the very, very beginning. I needed to raise $1 million at a certain point, and I ended up giving away 20 percent of the company for a million dollars.”

Rose: “A helluva a deal for somebody.”

Bezos: “A lot of people did very well on that deal (laughs). But they also took a risk, so they deserve to do very well on that deal. But I had to take 60 meetings to raise $1 million, and I raised it from 22 people at approximately $50,000 a person. And it was nip and tuck whether I was going to be able to raise that money. So, the whole thing could have ended before the whole thing started. That was 1995, and the first question every investor asked me was: ‘What’s the Internet?’”
Further Reading / Help

- My blog: girdley.com
- Venture Deals (Feld and Mendelson)
- Geekdom Mentor program