

SOCIAL
alpha ↗



MASTERCLASS



**FUNDRAISING FOR
A CLEAN ENERGY
STARTUP**



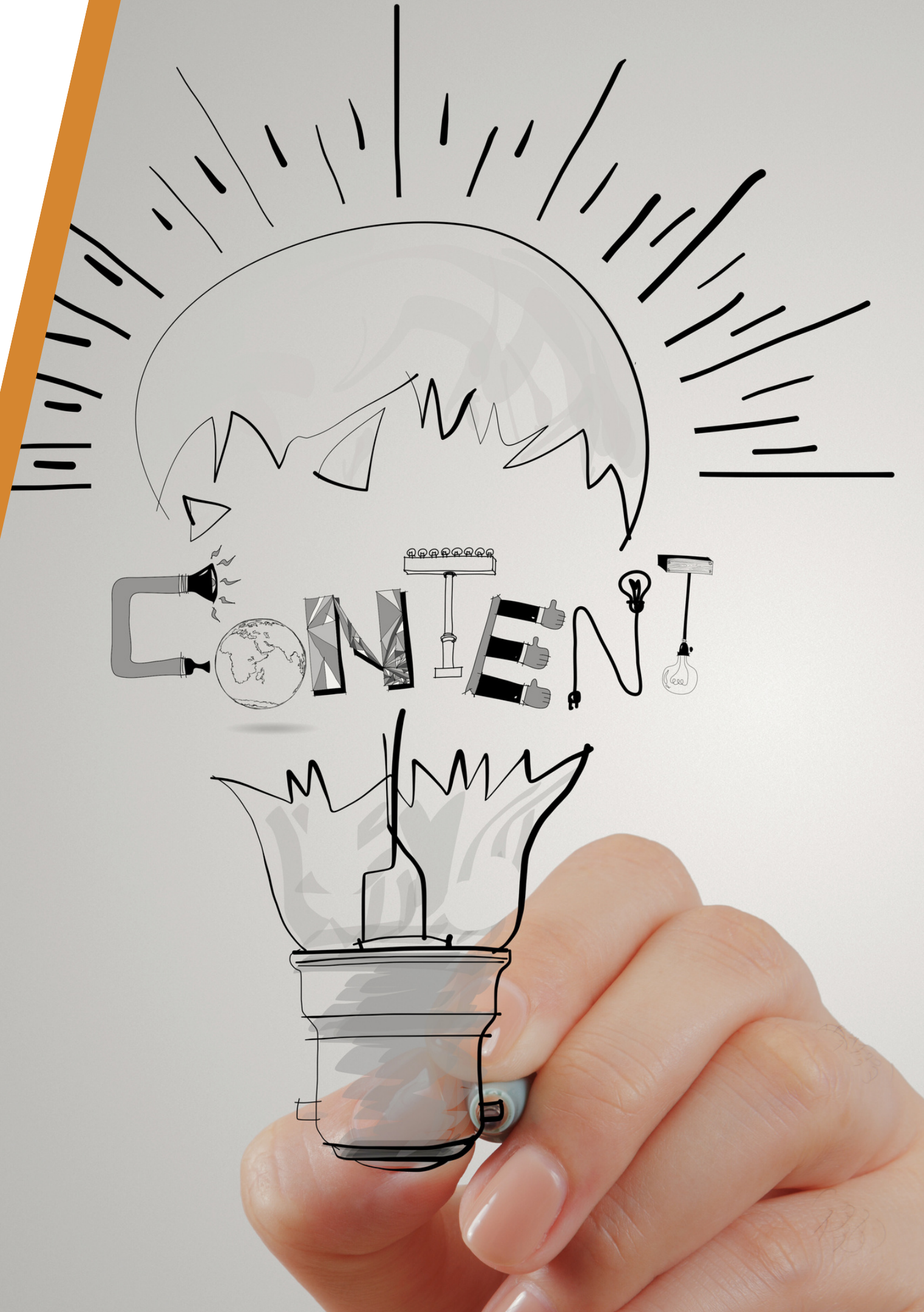
SPICE ROUTE
FINANCE





CONTENTS

- VC Funding Trends in Clean Energy
- Understanding the Fundraising Process
- The Pitch Deck
- The Due Diligence Process
- How do investors value early stage startups
- Fundraising Fundamentals
- Instruments of Funding

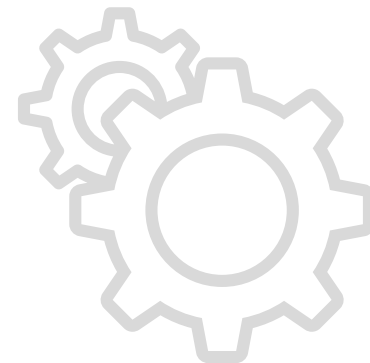


WHERE DO YOU STAND CURRENTLY?



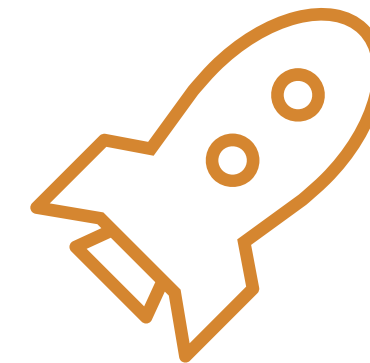
IDEA

- Problem identification
- Customer persona built based on market need
- Business plan generation



MVP

- First sale-able version of the product is ready
- Feedback from customers
- Team building and process optimization



PILOT

- Product has reached the market
- Proof of value
- Quality control and user experience



PMF

- Product-Market fit.
- Proof of scale
- Driving business value and operational efficiency

BILLING MODELS



One-time Billing

Consulting

Usage-Based
Billing

Success Fee

Impact Billing

Monthly Recurring
Billing (SaaS Model)

Project Milestones

Transactional Billing

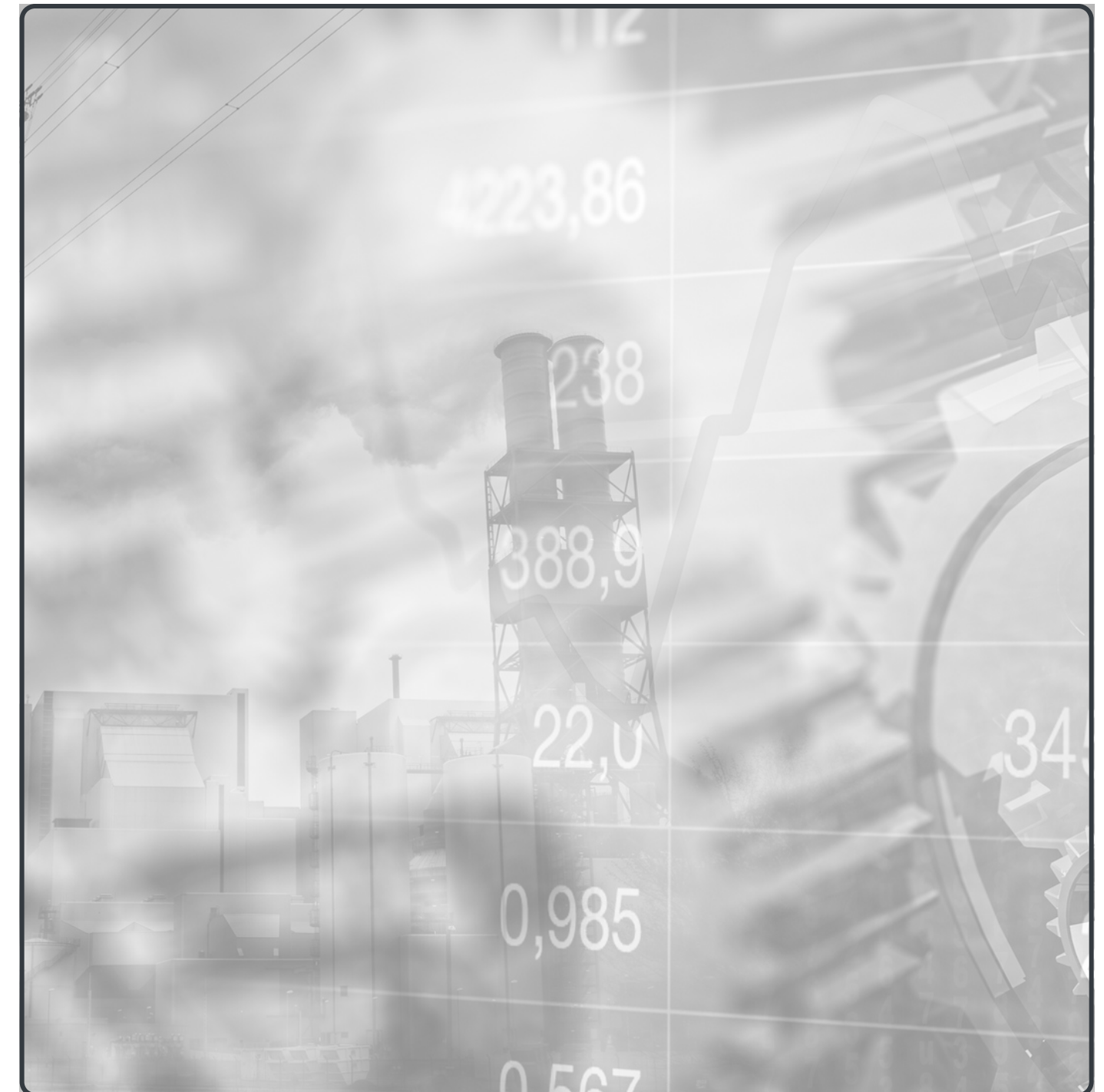
Unit-Based Billing



IMPORTANCE OF MARKET RESEARCH



- An important aspect of strategy creation and documentation is to assess the external environment of a business and understand its impact.
- The external environment is subject to volatility through various factors, be it political, economic, technological or others, thus requiring to be monitored consistently.
- Research enables entrepreneurs to determine the market size by determining TAM, SAM, SOM.
- By conducting research the entrepreneur can determine the need for the product/service
- Methods of doing research: primary/secondary



BUSINESS MODELS IN CLEAN ENERGY



Intermittent renewable energy sources

- Wind
- Solar thermal
- Solar photovoltaic

Dispatchable energy sources

- Nuclear fission
- Nuclear fusion
- Geothermal
- Hydropower

Clean fuels

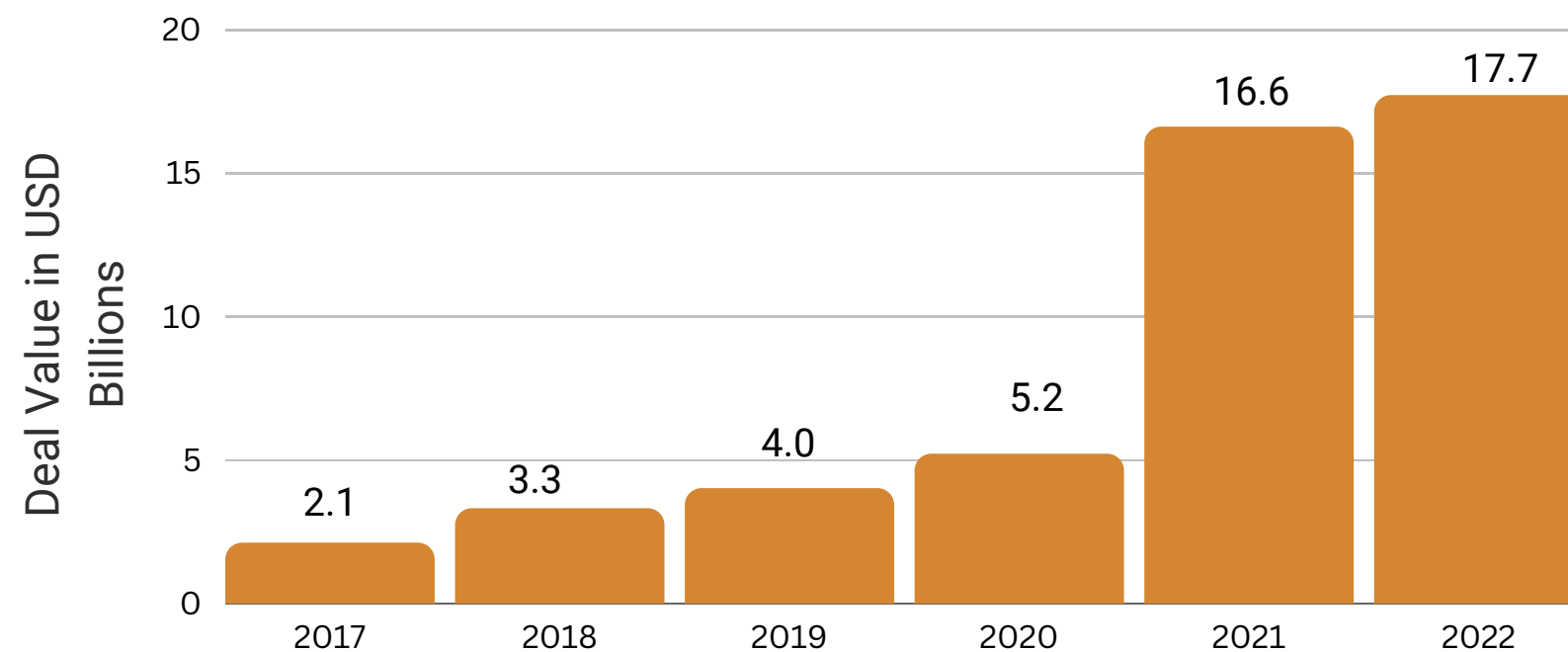
- Clean conventional fuels
- Waste-to-energy fuels
- Biofuels
- Hydrogen

Grid infrastructure

- Non battery storage
- Analytics and grid management
- Battery storage

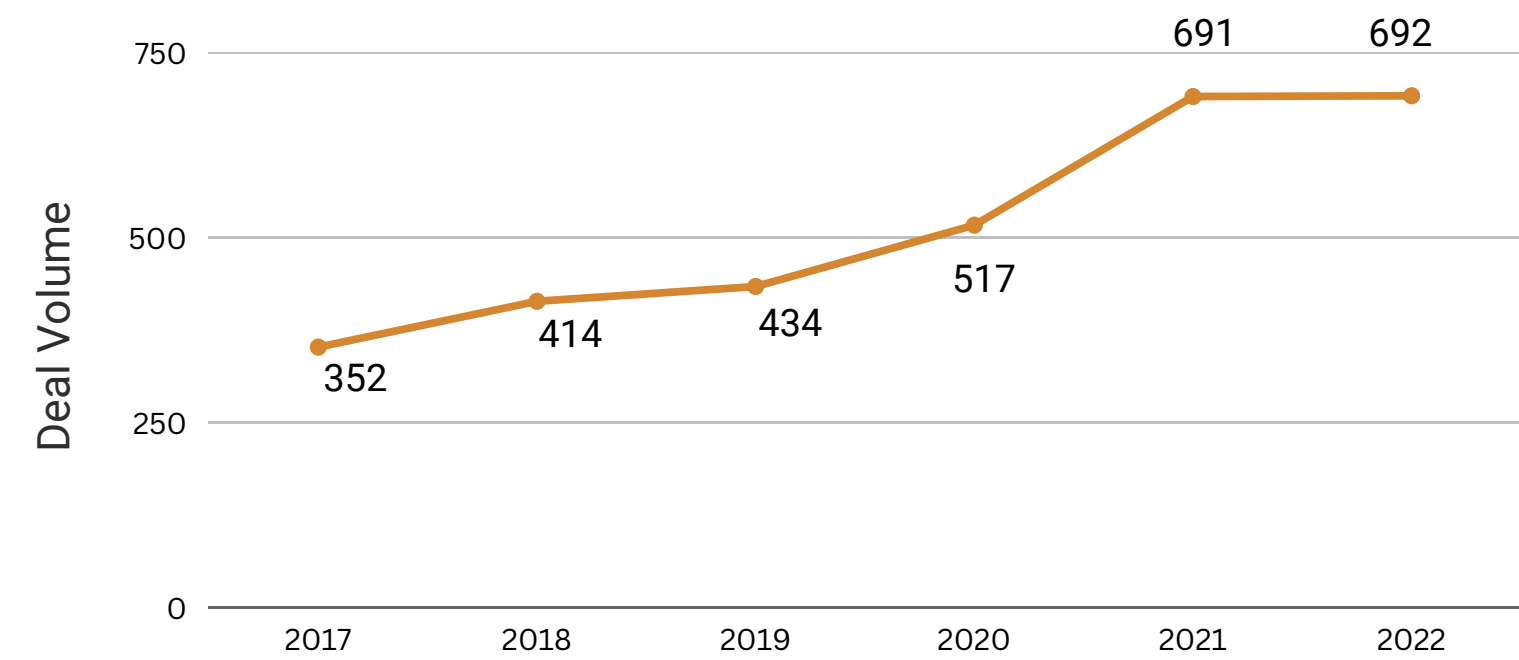
VC FUNDING TRENDS FOR CLEAN ENERGY STARTUPS - GLOBAL TRENDS

Global VC activity by value



Source: Pitchbook

Global VC activity by volume



Source: Pitchbook

Clean energy has seen rising funding from venture capitalists since 2017.

Between 2017 and 2022, the number of deals increased from 352 to 692

However, the energy sector has been marred by the gloomy global macro outlook.

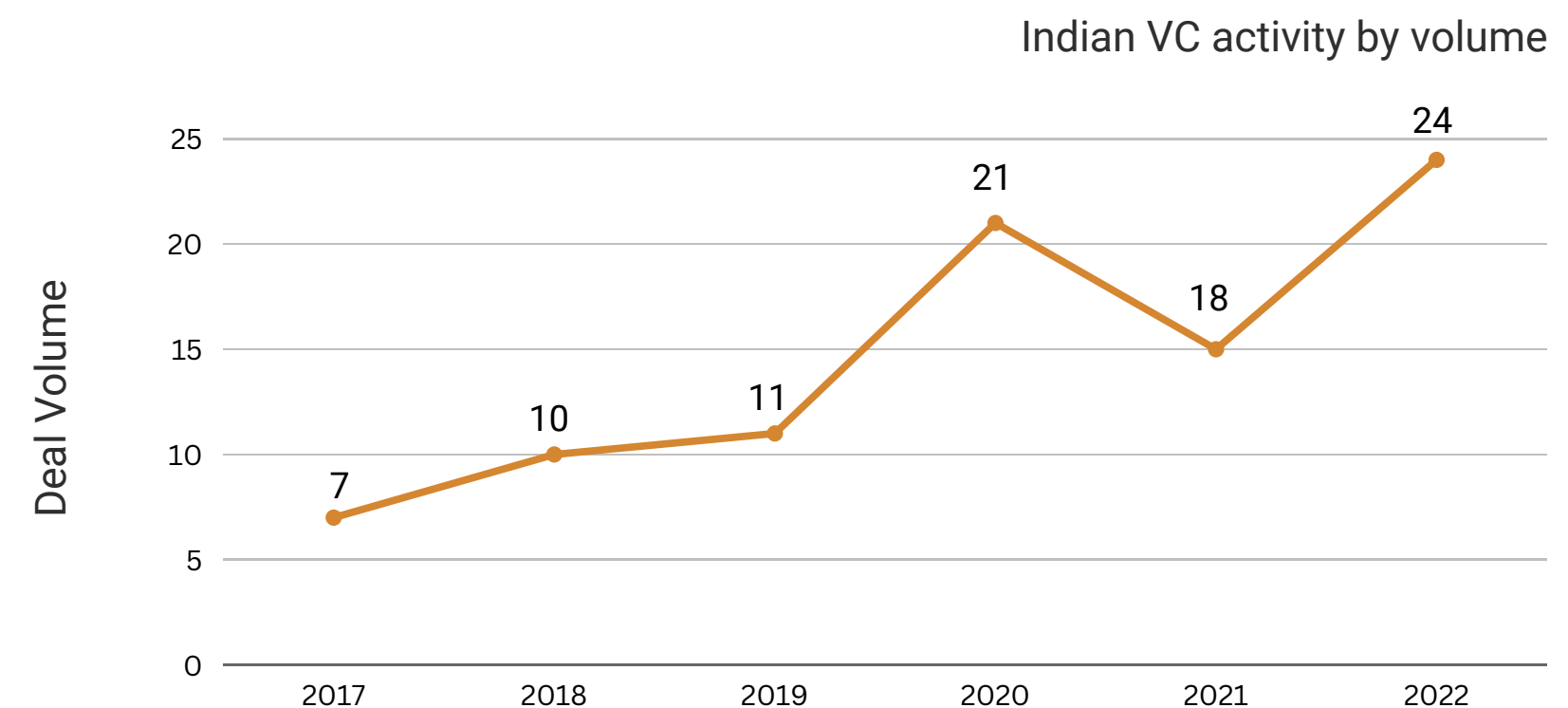
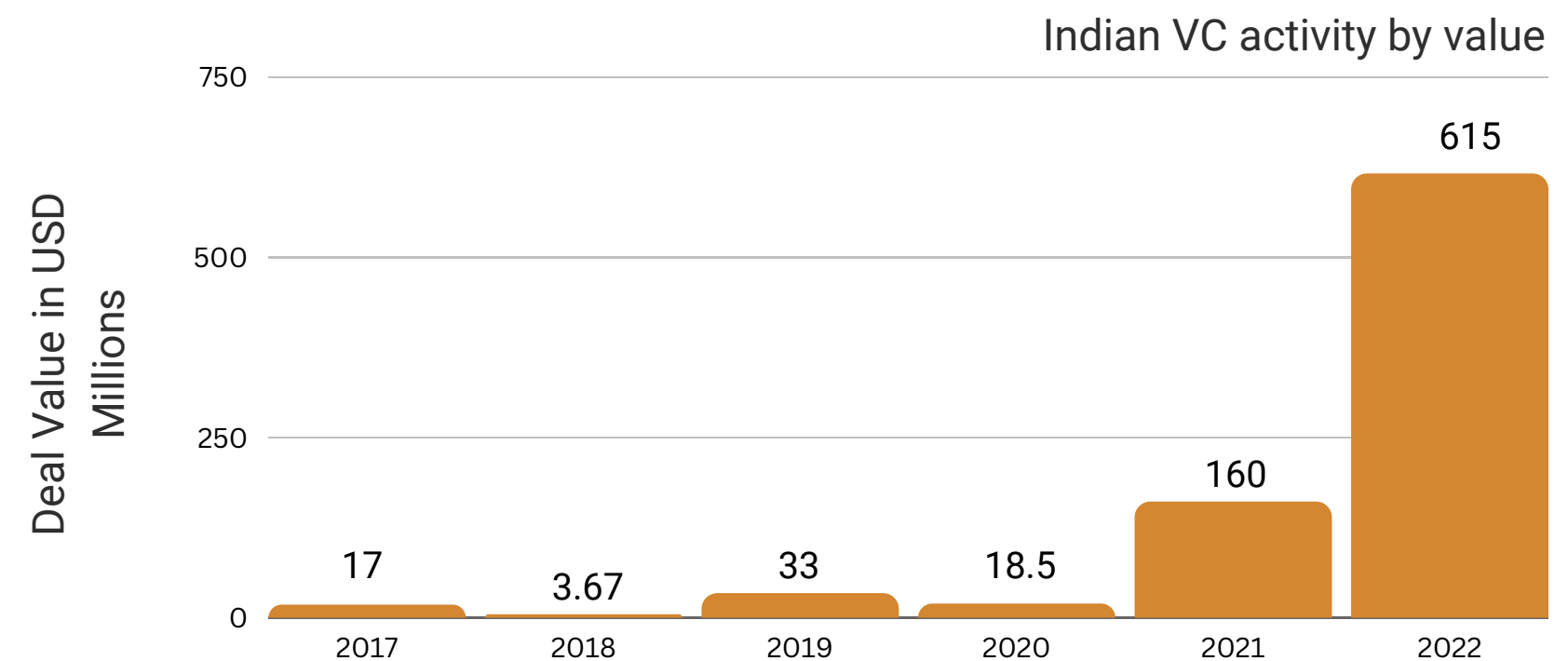
Deal value and volume have lowered in Q1 2023:

- YoY drop in deal value: **-40.3%**
- YoY drop in deal count: **-29.2%**

FUNDING TRENDS FOR CLEAN ENERGY STARTUPS - INDIA TRENDS



- Clean energy funding in India has also grown significantly since 2017
- Deal value has grown significantly, with deal values reaching \$615 million in 2022.
- In Q1 2023, only 3 companies received funding
 - QoQ drop: **-62.5%**
 - YoY drop: **-57.1%**
- This drop in funding is attributable to the global macro outlook.
- The new paradigm is dictating smaller cheque sizes and more conservative deal volume as investors have the panic button

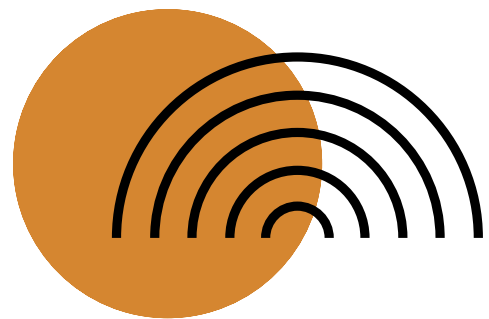


UNDERSTANDING THE FUNDRAISING PROCESS



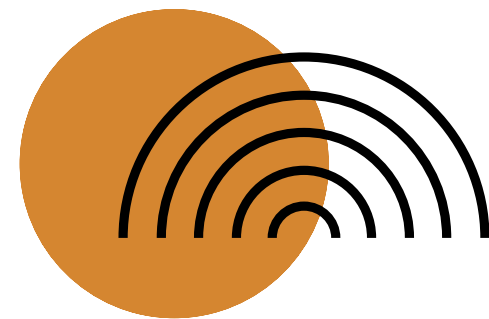
Your fundraising process is dependent on the following factors:

The industry your business operates in



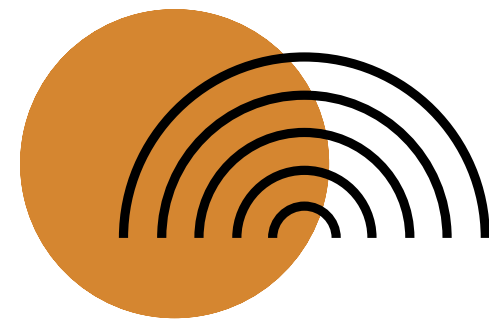
Certain industries demand premiums in valuations because they are future proof

The business model you have employed



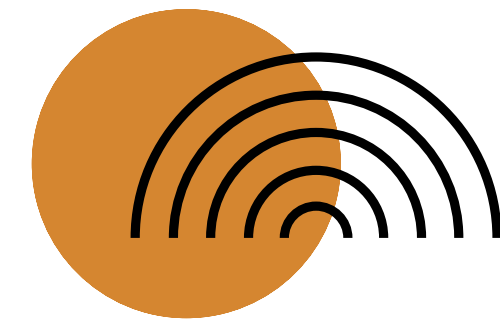
If the business model is a world beater and backed by key people and resources- you can expect to raise a lot.

The amount of capital you are looking to raise



A robust business plan and financial model can tell you how much you need to raise.

Who are you raising capital from?

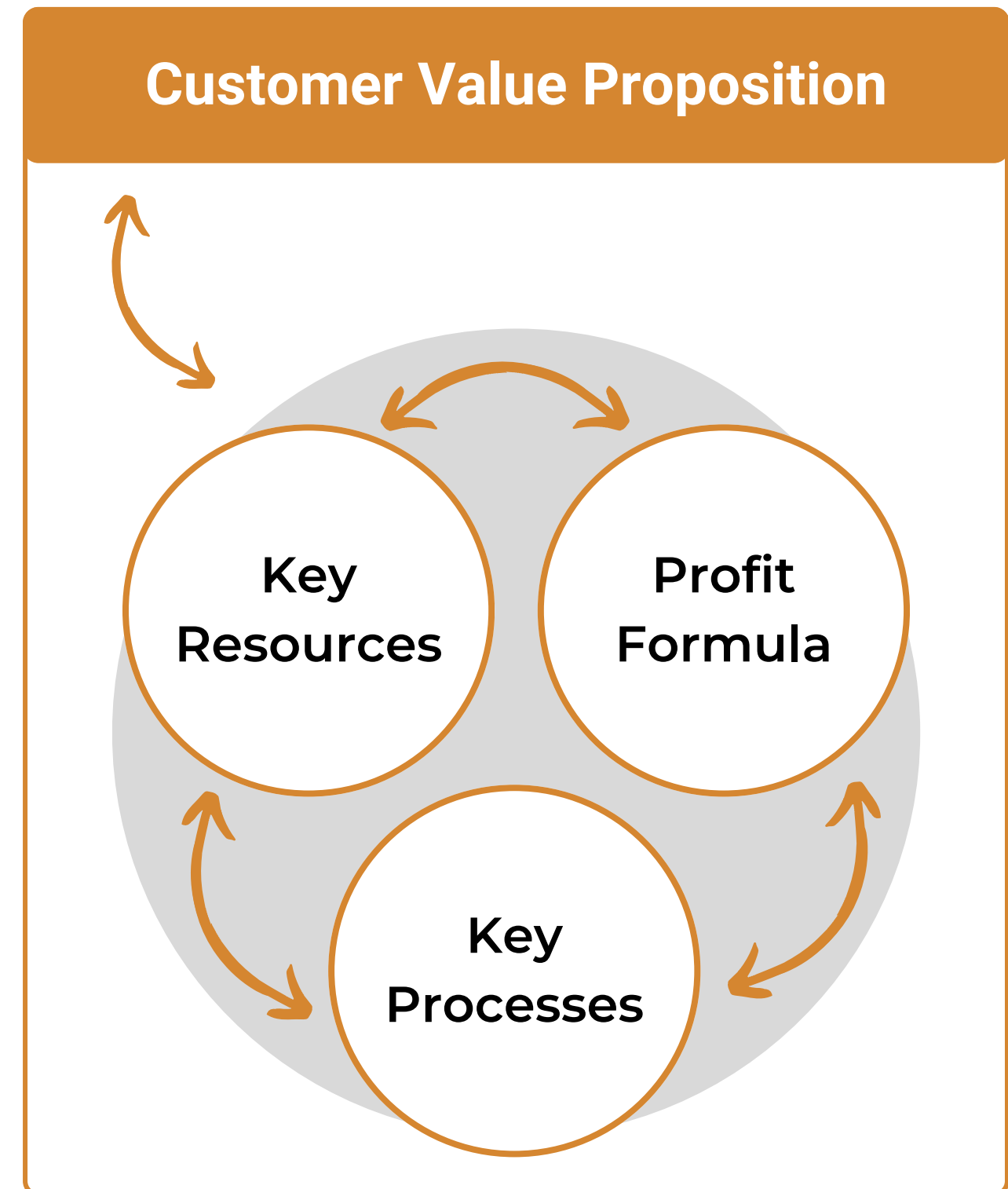


Angels, micro VCs and VCs can provide funding of varying ticket sizes

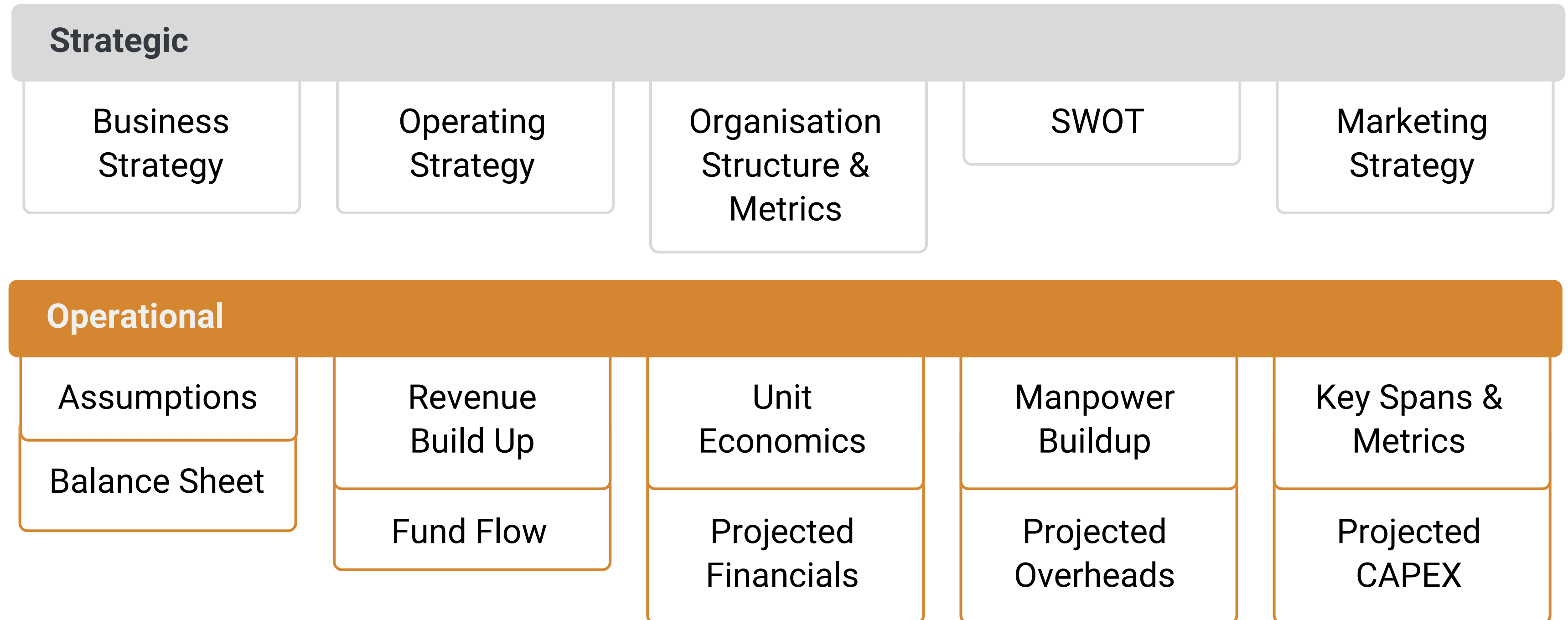
MODEL: BUSINESS MODEL AND BUSINESS MODEL FORMULA



- The business model is the engine of your company's growth.
- A great model is one that clearly identifies a customer pain-point.
- The business model is to be powered by a winning formula.
- A winning formula is driven by:
 - mobilization of key resources
 - the creation and implementation of key processes and
 - a profit formula.



STRUCTURE OF BUSINESS PLAN & STRATEGY DOCUMENT



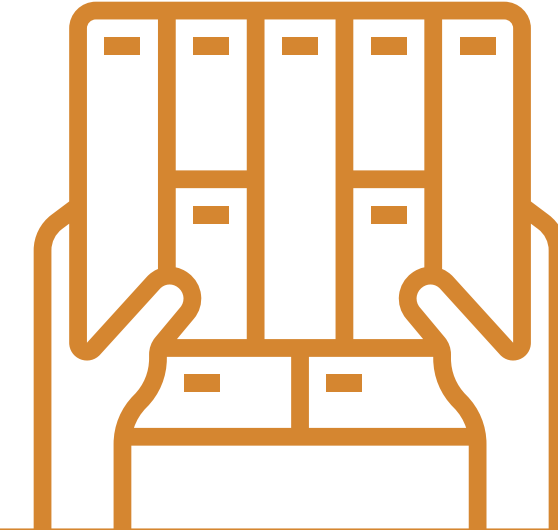


Business Strategy

Business Plan

Business Model

A business strategy sets out the purpose of your business, who it serves and what is the long term vision and mission. A strategy assesses and prioritizes options and then select the most advantageous. A business plan sets out how you will achieve your goals in detail, including the financial results. A business model explains how you are different to competitors and what gives you a strategic advantage.



What is your business?
What is your purpose?
Who is your customer?
Analysis of business environment
Competition and market gaps
How can you compete?

What business are you in?
What are your goals?
How will you achieve them?
What will be the financial benefit?
What investment do you need?

Who is your customer segment(s)?
What is your value offering?
How will you reach your customers?
What makes you hard to imitate?
What resources do you need?
How do you make money?

USING FINANCIAL MODELS FOR FUNDRAISING

Strategic

Marketing Strategy and expense Plan

Operational Plan including how your scaling up

Hiring and Organization Structure

Financing Strategy of your startup

Economies of Scale

Operational

Key assumptions impacting your business

Understand the working capital assumptions

Revenue Build Up

Inventory holding Period, Collection and Payment days

Understand your fixed cost

Sensitivity analysis sheet linking assumptions

Understand your variable cost

1 Yrs - Monthly
2 Yrs - Qtrly
2 Yrs - Annual

Link variable costs with volume

Capex and its impact on cashflow

BY MODELLING ALL THE VARIABLES LISTED ABOVE, YOU CAN COME UP WITH YOUR CASH REQUIREMENT.



THE PITCH DECK

A pitch deck is often the first thing that gets sent to a prospective investors in a powerpoint / PDF format

The pitch-deck must cover the following data points:

Problem

Solution

Market Size

GTM
Strategy

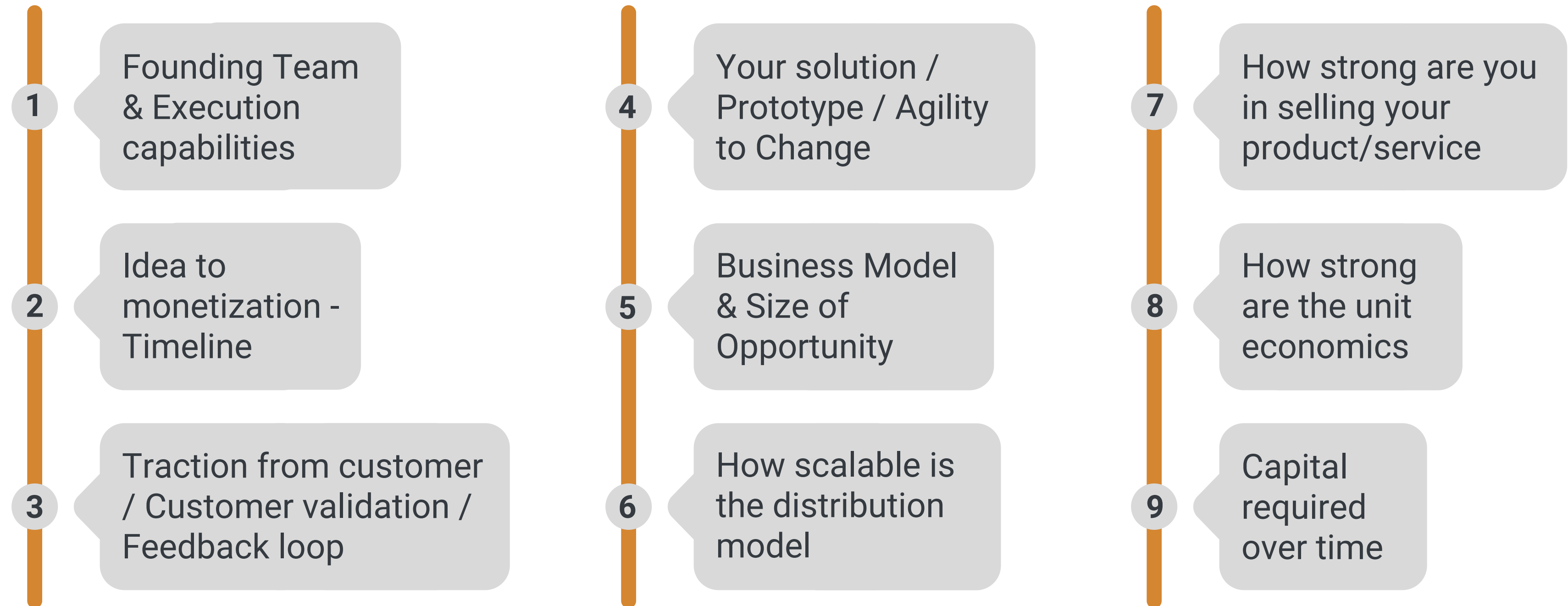
Financial
Projections

Funding
Ask

Team + Team
Qualifications



HOW DO INVESTOR VALUE EARLY STAGE STARTUPS





THANK YOU

KNOW YOUR MENTOR

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