Growth Stage Fundraising for Software Companies
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Introduction.

If you are the founder or on the leadership team of a growth stage startup, you are likely not one to rest on your laurels. You have passed early funding hurdles and built operational success. That is, however, only part of the puzzle that keeps your ongoing concern, well...going. Fundraising has the power to fuel your “go big” plan, but there are several questions around the right time, the right investor, the right amount. It’s not always clear what the best path is for your business.

We get the venture world can be opaque, and there’s a lot of advice out there. It’s always disappointing when a strong business doesn’t present well simply because they didn’t have the right advice to avoid costly mistakes. That’s what we’re exploring in this eBook. Our goal is to clear it up and uncover the concrete insights we’ve accumulated over the years on how to navigate the often-stressful fundraising process and get the most out of partnering with your investor. Regardless of whether you’ve been through it before, read on for a look at our teams’ combined learnings over the years.

We’ve learned a few things during our 20+ years of software investing...

Since 1995, Insight has invested in over 300 high-growth software companies and partnered with our portfolio leaders to achieve more than 200 acquisitions and 100 strategic exits. Insight specializes in working in close collaboration with software companies to fuel growth. We’ve been investing in software since it was just a cottage industry and had conviction early on that it would be something big. Because of that, we’ve experienced the highs, lows, and everything in between. We aim to bring that level of deep expertise to our portfolio. We’re selective in choosing the companies we work with, and we urge you to be just as selective in choosing the investor you work with. Think long term. Think big. A VC should be your trusted first call and your go-to when it comes to tactical “what next?” advice for the entire journey of growth.
PART ONE

Should I Fundraise?

The first step is reconfirming your objectives and verifying that your strategy for reaching them are is still in sync. Chances are you, your friends, and family have invested capital to bootstrap the first growth stages of your business. The bottom line is that bootstrapping a business to a certain growth milestone is an attractive route for the entrepreneur as well as the investor. Getting to that initial growth curve through validating your business model and proving success is your first priority. From there, it’s all about adding more fuel to the fire to scale.

There is no hard and fast rule around which stage is best for VC fundraising. We recommend asking yourself 3 important questions to get to the bottom of whether you should fundraise in the first place.

Why?
Understand why you are thinking about fundraising in the first place. Are you comfortable giving up equity to accelerate growth? If yes, an influx of cash will equate to less available equity, however the end goal with VC fundraising is always to increase the size of the overall pie and make your business exponentially more valuable than it would be without capital.

When?
You’re probably wondering: “Am I raising too early? Too late?”. It’s really hard at either extreme. When you definitely don’t need the money, raising can be hard because waiting a little longer means a better valuation, which means less dilution. That is good. However, if you wait until you definitely/desperately need money, then that definitively hurts valuation. Getting this exactly right is impossibly difficult.

What?
Depending on where you are in your growth arc, you will want to target different types of investment partners. Based on your business maturity, what types of firms should you be engaging with? See the chart on the following page to help visualize what type of funding to think about when.
We sympathize with founders around timing. At later stages, the number one question we encourage you to think about is:

What would added capital on your balance sheet and/or in your pocket do to your (responsible) risk tolerance?

If the answer is that you would aim higher, then you should strongly consider a VC partner that can impact your probability of reaching those heights.

So, you know you want to raise VC money...

From there, the next - and perhaps most important - question is simple: Can you attract capital?

At Insight, we sometimes use the term “catnip”, meaning there is something we can’t resist about a scaling SaaS organization. So, what classifies a business that embodies “catnip”?

Well, for starters, we love seeing that the unit economics of the organization are growing rapidly. We think of unit economics as a measure of the intrinsic profitability of a company, or more specifically, a measure of the profitability of selling one unit of your product or service. This helps determine the output level at which a business must operate in order to cover fixed costs.

Is your customer base solid and growing? Another way to measure this is low customer churn. We believe that as long as this is a reliable indicator that the business has something the market values.

Is the business losing money? This isn’t always bad. We can accept a business that may be losing money because it is growing so fast that it can’t keep up with its screaming sales rates. In fact, this is among the best reasons to raise outside capital. If, on the other hand, you are losing money because of weak unit economics or weak product-market fit, for example, will most likely raise some red flags.

565K Start-Ups Launched Each Month In The United States
So, with that, let’s pause for a moment to understand whether you truly are in the right place to raise money.

Ask yourself the below 6 questions. If you answer “yes” to 3 or more of these questions, the answer is go for it. You’re probably ready. If not, read on and think carefully about whether this is the right time to start down the fundraising path.

1. Is your business growing rapidly?
   Ultimately, this boils down to growing new and expansion bookings plus a solid and defensible market opportunity.

2. Do you know exactly what you would do from a go-to-market (GTM) perspective in order to drive revenue to the next level?
   Investors can be behind a business when they feel confident that expanding the sales and marketing organizations will drive additional revenue. This indicates that there is opportunity to drive new growth. Simply put: A VC is going to feel confident investing if they believe that investing in your GTM activities represents a good bet with a strong ROI. Showing that you are managing the right GTM KPI’s can help make your case. Check out our Sales KPI Benchmark Report and Marketing KPIs that Matter for some tips on this one.

3. Is your financial reporting reliable and trusted in describing your organization’s financial position?
   It’s important that the investor has confidence in the numbers you are showing. Implementing a structured accounting and reporting system can go a long way towards demonstrating your focus on financial results. Investors will look at this during due diligence. Though it may not be a deal breaker, we want to know you have control over your business and feel confident in the numbers. It’s also key to building a foundation for long-term trust in your business reporting. Your prospective investors will likely ask for raw customer data so they can run cohort reports and many calculations that help inform unit economics. Having this data readily available, for example, will impress the deal team and allow for faster due diligence.

POWER TIP | The People Vs. Process Ratio for Smart Innovation

To determine whether you have the right balance of people and process to innovate, ask whether you are architecting your product in such a way that it will thrive if and when your business achieves extraordinary success.

If the answer is yes, that’s good. From there, ask whether a capital injection will allow you to continue that healthy balance of regimented scaling and innovation. If yes, great. VC money makes sense. An investment partner can also help you navigate between the practical of today and the ideal of tomorrow. If your answer to the original question is no, pause. Would capital now help you course correct? Ideally, you are investing in a sound product from the start.
4 Do you have the right balance of people and process to innovate?

It’s most optimal if 75% or more of your development resources are going toward building new features and not remediating bugs or legacy product issues. You want to get to that point as early as possible as a young company. If you’re already there, you likely have the right balance of innovation. Investors look for your organization’s capacity to scale innovation. An astute software investor will provide your organization with resources to help you chart your path. Often, ground zero is ensuring the platform is as extensible and future-proof as possible.

5 At current course and speed, will you run out of money in the foreseeable future?

Scaling growth can be expensive. If you need to fundraise because you are growing rapidly, an investment partner could be what your company needs. Be sure you can explain your burn rate (see later in this e-book for an explanation) and how you are going to manage that going forward.

6 Are you looking for a trusted advisor with a proven track record?

Most venture partners want to help you grow, making fundraising a natural fit when you need some external assistance to achieve your next-level business goals. It’s particularly important to look for an investor that has a proven track record with organizations similar to yours and has invested in its own operational advisory group that can partner with your team. In today’s investing environment, capital is a commodity. There’s more capital than there are great businesses, which means that you want to choose an investor with the pattern recognition and experience to guide you and hopefully help you avoid costly mistakes that may not be intuitive.

For example, at Insight, we have a team of 35+ former operators and strategists that have been in your shoes before. Onsite is devoted to helping our portfolio companies capture value and accelerate growth.

More on this in Part IV.
You feel confident you can attract capital – so, how do you know which VCs to target?

If raising more funds makes sense, the next steps revolve around developing a strategy to do it in the most efficient way. Before thinking about developing a target list, go back to your end goals. What do you want? Are you looking to bring your company public and IPO? Do you want to grow your business as much as possible while staying private? Maybe you’re looking to grow your company to certain maturity and then move onto your next venture? Communicate your desires and work with an investor who has helped others like you achieve great success in whatever exit strategy they have chosen.

There are also fundamental questions you should be asking about your investing partner that will help you narrow the field. Don’t waste time talking with the wrong investors. Begin by building a shortlist of target VCs that are likely to align with you and your goals. We recommend asking the questions to the right.

1. What is their investment focus?
2. What kind of companies are in their portfolio? Do you see fitting in?
3. What is their reputation both ethically and as a business partner?
4. What benefits can they offer post-investment?
5. Are you philosophically aligned on objectives and approach?
Build Your Brand, Stay Visible, and Never Turn Down a Call

As a founder, CEO, or functional leader, you play a critical role in your company’s brand. Even if your expertise is more technical, you should expect that you are the voice of the company and that you will need to play the role of marketer, even if this is not a natural rhythm for you.

Actively building your brand means making a commitment to being available. Find ways to leverage social media in creative ways that gets your point of view out there and connects with influencers who can amplify your message. And, don’t forget about PR. Reporters are always looking for the next big thing and someone who understands an emerging trend. Aim to generate buzz around your growth and success in the market. You don’t necessarily need a big PR firm to reach out to reporters with a great idea for a story about you and your business.

POWER TIP | Take VC Analyst Calls – They Hold A Lot of Power

Be selective...but take VC calls. When a VC analyst reaches out, take time to see if there is a good fit and whether or not you should invest your valuable time. But, it is rarely a good idea to automatically decline these calls. Holding out to speak with a partner is usually not the best strategy for connecting with the best VC firms. We know that if you are good, you are getting a lot of these calls, but the analysts that reach out to you via email or phone have more power than you might imagine. They are driving the deal pipeline. They are telling the partners which deals to consider. So, with that, take the call. You have nothing to lose—especially if it is a firm you like.
If you are successfully creating a strong presence in traditional and digital media, VCs will soon discover you and reach out. It is the investment analyst’s job to scan news headlines for growth signals around new companies as well as the companies they already follow. From there, the analyst will reach out to have a conversation with you and better understand your business and fundraising position. If you’re in the news as a result of your success, have no doubt that VC investment analysts will find you. Our advice is to take these calls. You would be surprised by how important they can be in driving interest in your business. This point is so important, it’s worth highlighting in the below Power Tip.

POWER TIP | Flex Your Muscles – VC FOMO is Real

Remember that you are in high demand! Assuming your business is successful, and the opportunity is there, remember that you are in demand. The point here is that there is inherent, healthy competition amongst investors. It’s okay to let investors know that you deserve their attention. VCs experience FOMO all the time - just ask any investor about the last deal they missed that turned out to be huge.

If you’re looking to fundraise and able to attract capital, the bottom line is VCs will find you. However, investing time and energy in marketing your brand and “getting out there” is an important step in ensuring growth and brand awareness, and will in turn help ensure the VC community knows you. Speak at events. Serve on panels. Post blogs. Make yourself available for in person meetings. And, above all else, promote your brand in a natural, not forced, manner. This will help customers know that you are someone to watch, and also expose you to the VC world.
Can You Tell Your Story and Back it Up?

You’ve decided to fundraise, and you’ve built your brand and visibility in the VC community, but what’s next? There are several critical actions that will ultimately decide if you get the money for your business, and this next section will assist you through these important next steps.

INSIDE INSIGHT

“Anything less than aggressive pursuit is likely a yellow light if not outright pass. I’m always impressed when CEOs walk in the door with a clear vision and a defined expectation for what their business milestones look like with venture funding and exactly how a capital infusion will accelerate their growth.”

– Ryan Hinkle
MD at Insight Venture Partners
Have a Compelling Point of View (POV)

Ultimately, your pitch to an investor is about storytelling. Storytelling begins with a POV about your product, the problem it solves, and why your organization will win. There is true power in good storytelling and its ability to impact a potential investor’s view of you and your company.

Harness your passion for what you do day in and day out and leverage it in your POV. Ensure you have a succinct and persuasive narrative about what you believe about the market and how you’re going to impact it. Maybe you’re creating an entirely new category. Spend time designing that vision and educate the investor on why your innovation matters. It’s not about answering a list of questions. It’s about painting the vision through story.

In the simplest terms, the thought process goes like this:

\textit{X is hard. People don’t like X and it is not as efficient or effective as it could be, which is why we created Y. Y not only makes peoples’ lives easier, it’s also more efficient and effective than X.}

Consider Smartsheet, a successful Insight portfolio company. Smartsheet built their initial story around how they were changing the face of project management and create a SaaS solution for the masses. They told the story and educated us around how they were going to be a great thing, not just a good thing. Their POV was key in explaining why project management was broken, how their solution was going to do it better and make it more accessible to business users, and why it would win over Microsoft Excel and Project. It’s hard to imagine Smartsheet resulting in the successful IPO it did without the foundation of strong and visionary POV.
The Killer Pitch Deck

In a pitch, both slideware and unit economics are important. The slideware gives the recipient grounding on the qualitative. What is it that you are trying to do? Crowded spaces are harder to get behind than greenfield. Proven markets are better than speculative markets.

The Qualitative

At this point in your business, the prospect of putting together yet another outline of your pitch can feel like “death by a thousand decks.” But, we all know that VCs will be looking for some kind of document that encapsulates your story.

Graphic design can be important, but should you spend $10K on a beautifully designed PowerPoint? Probably not. More than anything else, your pitch deck really only needs to answer 3 key questions confidently to get you to the next phase of your discussion with an investor:

1. What is the market problem your product addresses?
2. How is your product uniquely solving this problem?
3. Why and how will you win?

An in-person pitch is hugely important in building a relationship and getting to the top of the stack in priority. Make the effort to be there in person.

It is also worth noting that you shouldn’t confuse a pitch deck and a diligence deck. The pitch deck should drive a conversation. It should be super crisp and get the investor excited (catnip!). We would rather see six incredibly clear slides than fifty slides that are trying to make up for lack of clarity in what your business is about and how you will succeed. Include things like sales cycle (is it complex or simple?), typical deal size, implementation process, etc.

Most importantly, be ready to answer questions like: “If you doubled Sales and Marketing expenses what would happen?” or “What’s the hardest part of the sales process – getting the at bat or winning the RFP?”. Additionally, think about moats and defensibility as a concept. If you showed your blueprint to a competitor, could they harm you? The more “no” to that answer, the stronger the story.

POWER TIP | Pitch decks must answer 3 key questions

Many investors believe that the longer the pitch deck, the higher the likelihood that the company can’t easily answer the key questions listed above. Most VCs hear so many pitches, you need to quickly grab their attention and get to the point. Above all, a VC really needs the above three question answered succinctly.
**The Quantitative**

Some believe the more metrics you show, the better. In actuality, more is not better. Investors really want to see a few select Key Performance Indicators (KPIs). These are the handful of numbers that will inform the opportunity size and give an investor confidence in your business. Every business is different, and therefore there are no hard rules. However, our experience has shown that the below KPIs are important and should rise to the top during your investor meetings.

- **Annual Recurring Revenue (ARR) growth**
  
  **Why we care?** Whether it’s annual recurring revenue or its monthly equivalent (MRR), investors want to see the rate your business is adding customer revenue. But, there are several additional factors that come into play when we talk about growth. It’s one data point in a much larger story. And, we will want to dig deeper and understand how efficiently you are growing and whether your growth rates are sustainable.

- **Gross margin percentage**
  
  **Why we care?** Gross margin is critical, because it tells us the amount of revenue you have to cover the operational costs of your business, such as development, overhead, and sales and marketing. SaaS businesses typically have much higher gross margins than traditional software and hardware businesses. Gross margin should ONLY include direct expenses needed to produce your software (e.g., hosting costs, production environments, customer support, professional services, and third-party software or data costs).

- **Burn rate**
  
  **Why we care?** Gross (amount spent) or net (amount lost) burn rate is a key indicator around cash flow. Investors tend to focus on the net burn because it tells us both how effectively you are managing your costs against revenue and what is the appropriate fund raise necessary to support your business.

- **Customer retention and churn rate**
  
  **Why we care?** These are two key KPIs. It’s extremely important for us to know if your customers are happy, renewing their business with you, and not churning out. This is a key statistic that lets us better understand if you are efficiently growing your revenue. We don’t generally like businesses that are “leaky” - growing revenue on the topline but losing more business than they are gaining. Your net retention rates by cohort will be studied carefully by an investor.
Total Addressable Market (TAM)

Why we care? We need to understand the revenue opportunity for your product. We recognize that this is your initial take on your TAM. Don’t be overly aggressive, we have seen too many software business pitches and know what is realistic. But, also understand that when an investor is doing its due diligence, it will create a TAM based on assumptions about where the product might one day go. Remember, the original TAM of Amazon was based on just selling books. You never really know the true TAM or how the environment may change to drive TAM growth. Our best advice to be both conservative and realistic when you talk about this number in your pitch deck (see our Inside Insight tip in the Killer Pitch Deck section for more on this).

Rule of 40

Why we care? The Rule of 40 is a rule-of-thumb that many investors view as a way to understand how a SaaS company is balancing growth and profits. The rule says that your growth rate percentage + your profit margin percentage (EBITDA) should be at least 40%. The reason why this is an interesting KPI is that even if you are losing money, you may still be viewed as a solid investment option because your growth rate is so high. This equation, over the growth arc of your company, will be interpreted differently at different points depending on the point in your growth journey. Not all growth nor profit margin is created equal. Saying things like “we reinvest all growth back into the business” doesn’t usually land.

POWER TIP | Be realistic about your TAM

A quick comment about TAM (Total Addressable Market). Some founders think that if they can show a massive TAM, then the investor will find the company more attractive. This notion could not be further from the truth. What really matters is that for a given TAM, you show realistically what proportion is up for grabs from a disruptive challenger. Remember, word processing has a massive TAM, but unless you are planning on displacing Microsoft and Google, there really is no opportunity.
Customer Acquisition Cost (CAC)

Why we care? One of the key considerations in evaluating your growth is to understand your customer acquisition costs, both in terms of sales and marketing expenses. As investors, we want to know how efficiently and effectively you are generating new business. A CAC payback period (how long it takes for a $1 of CAC spend to generate a $1 of revenue) of less than 12 months is generally a sign of a healthy business.

Customer Life Time Value (CLTV)

Why we care? In its simplest definition, CLTV is the revenue value a customer is projected to have over the lifetime of being your customer. While there are many assumptions that go into this calculation, it is important for us to understand the relationship of this number when compared to the cost to acquire that customer. If you’re a SaaS business, LTV:CAC ratio is important – we generally like to see this at greater than 3x to ensure the value of a customer is 3x the cost of acquiring them. But, again, this is only a rule-of-thumb to assist us in the evaluation of your investment opportunity.

POWER TIP | Back your story with KPIs

No single metric defines your business, and you shouldn’t look at it that way. You have a story to tell. Let these KPIs help bring it to life.
What To Expect From The VC Decision Process

From term sheets to attorneys to due diligence and beyond—it’s not over until the papers are signed. Here are some details on what to expect if it’s your first rodeo in the venture world. The steps in the fundraising process can sometimes feel clouded and confusing. We’re hoping to clear that up with this section.

The Pitch - How did I do?

At this point, you’ve done the background work necessary to prepare for fundraising and identified that it’s time to move forward raising funds. You’ve built out your pitch and your POV. You’re ready!
The presentation part of the meeting is what you’d expect, but how do you know if the meeting went well? How do you get a feel for whether or not it well... worked?

This is good news for you because there really shouldn’t be any lingering question. Investors need to move quickly to capitalize on market opportunities, so they aren’t going to beat around the bush if they’re excited about what you’re offering. If there is ambiguity, ask for a clear answer. However, you should be able to expect one of three outcomes:

**Clear Yes** | They’re in (and have probably made it obvious) and ready to move on to the next stage.

**Clear No** | This VC isn’t the right fit. Ask for feedback (why exactly isn’t it the right fit?), head back to the office, talk with your team, and move on to the next.

**Clear Interest** | Sometimes a VC will want to invest, but ultimately decides you’re not mature enough from a growth standpoint. This is an investor to stay in touch with over time as your company evolves. Maybe they are a perfect fit for your next round.

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**POWER TIP | Understand Next Steps**

If you don’t know where you are when you leave the pitch meeting, both you and the VC have failed.
Lawyers, Contracts, and Deal Terms

A successful meeting with an investor means two things: 1) You can celebrate; and 2) You should get ready to deal with a whole lot of paperwork. It’s not over until you sign on the dotted line. This is where you get into the complex legal issues that surround a fundraising deal.

How do you prepare? Check out the 3 considerations below. If you find yourself answering “yes” to any of them, you may want to rethink your plans.

1. Are you using your family lawyer?

   DON’T rely on your family lawyer - no matter how much you trust him or her.

   DO bring in a specialist. Work with a lawyer that has done venture deals before. An attorney with venture capital experience can steer you through the minefield and provide clear guidance on the unique language and structuring that comes with fundraising. Your family lawyer may not be able to tell you what’s normal and what’s unusual because he or she won’t have the specific experience of working through investment deals.

2. Are you confident that what you’re presenting to the investor is absolutely true?

   DON’T say anything that you can’t back up.

   DO ensure your attorney reviews everything. Reps and warranties must be clearly understood, ensuring that what is presented in the contract is an accurate, truthful account of your business.
Like many contracts, a VC deal is a marriage of sorts. Ensuring that you are working with a partner you can trust that treats you fairly and can advise you on protecting both your downside, as well as theirs, is paramount.

DON’T get bogged down with the contract details. About 90 percent of VC deals are boilerplate. The 10 percent which represents the term sheet is what you really need to focus on. You should still understand the whole thing, but you can let a deal lawyer do the heavy lifting.

DO focus on the term sheet. It is a tradeoff between comprehensiveness and delaying the process. The goal should be to hit the right balance and ensure you avoid leaving out material business issues. The term sheet should be comprehensive enough so there are no surprises, but ultimately allow you to focus on signing fast.

POWER TIP | 3 Quick Tips to Keep in Mind When It Comes to Term Sheets

- The term sheet creates a tradeoff between comprehensiveness and delays.
- Iterating on the term sheet should be about defining terms that will lead to the right price.
- The sheet should be just thorough enough to ensure there aren’t surprises in the deal terms.
Building a Strong Partnership

Identifying whether a VC has the right post-investment resources for you is key. A true investment partner isn’t just providing funding. Almost every VC will claim to offer resources to grow your business, but it’s vital to understand what that will actually look like. Are they claiming they’ll be there if you call them for advice, or are they actually prepared to work 1:1 with your team to help you scale?

PART FOUR

Working with Your New VC Partner

If you’ve worked with VCs before, you understand the situation and know that there are real differences between what some investment firms offer versus others. If this is your first time fundraising, here are some helpful tips on how to think about the value your VC partner can bring post-investment.

Think about how your organization is structured. Can your VC provide guidance and support across all your functional departments?

| Product and Tech | Marketing | Sales and BD | Customer Success | Talent | Business Strategy and M&A |
As we mentioned earlier, Insight Onsite partners with our portfolio teams to help them grow. Onsite is made up of strategists and former operators mapped across seven centers of excellence that directly align to the functional areas you would find in any software company. These are experts who have been in your shoes and have done it before.

See below for a list of the **4 key elements any VC that claims they provide post-investment advisory should offer**. Keep these in mind when hashing through whether an investor truly has the resources you want in an ongoing partnership.

1. **Perspective**
   Ensure your VC has the chops to offer perspective on important business health indicators like KPI benchmarks, compensation structures, departmental and employee assessments, and templates on how to structure teams and metric/KPI dashboards. This perspective is developed over both time and working with a number of investments in your space.

2. **Guidance**
   VCs in the software space work with a wide range of portfolio companies, giving them unique insights into challenge and opportunity areas across the industry. As such, a good VC can actively identify patterns and trends in the sector, ensuring your business isn’t falling prey to developmental pitfalls or issues they have seen detrimentally impact other companies. Your VC should also be available and equipped to support your functional organizations at each stage of growth and provide actionable blueprints on how to accelerate growth in the smartest way possible.

   For example, say your sales team is considering a channel partner strategy, Insight Onsite might assign an expert to specifically develop a plan to your business about what goes into a building a successful channel. We will engage with experts in your industry to define where your indirect revenue strategy should move next and run workshops to help you think about the right strategic paths for your business.
3 Knowledge
Shortening the learning curve with 1:1 advisory, peer learning, and structured systems for ongoing education are an important component when it comes to knowledge sharing. Your investor partner should provide knowledge to your team through 1:1 advisory as well as helping your teams implement these strategies successfully.

You can also expect discounts and reviews of recommended technology vendors and service providers that have been vetted by your VC partner, all with the goal to strengthen your GTM operations and your tech stack.

4 Network
Make sure your VC partner is helping you leverage expert, partner, customer, and peer relationships to strengthen your business. VCs are designed to support your business connections in real and tangible ways. Ideally, this is accomplished through programs and structured initiatives. Look for investors that have fully staffed programs held accountable for pairing your team with targeted C-level prospects to build pipeline, grow revenue, and facilitate tangible impact on your bottom line. Check out Insight Ignite for an example of this. We also recommend looking into what infrastructure the investor has invested in in order to accelerate network and connections within their portfolio. Insight has a portfolio community platform we call the GO Network (GO stands for Growth = Opportunity) devoted to helping every function of your company grow through peer-to-peer connections, discussion forums, and educational and advice-oriented webinars and content.

With the right partnership, the right resources and network will fall into place, and your business will be in the best position possible to do its number one job: scale. As you work to scale your business, your VC should actively engage to help you fix particular functions and optimize specific strategies. Make sure you are carefully reviewing these elements as they have the power to deeply impact your growth post-investment.
Conclusion

An effective fundraising strategy should account for every aspect of the VC relationship. It starts with knowing your business well and having a clear vision for its place in the market and extends through understanding what you can expect and seeking out investors that offer the support system you need.

We hope this eBook has uncovered some helpful tools, and at minimum, steered you down a more productive path of asking yourself, your team, and your potential investor the right questions. The bottom line is there are many different flavors of guidance when it comes to fundraising. There is not one playbook that says it all. We believe it’s up to you to take what we’ve written and leverage it in the way that makes most sense for your business goals. There is no formula and there is no one size fits all. After all, only you know what’s best for your business.

At Insight, we believe in one core value: growth equals opportunity. We are laser-focused on creating growth and opportunity for our founders/CEOs, their teams, and the communities they work in. We hope you’ve found this guide helpful and always encourage open and honest feedback.

Let us know how we did and please reach out if you’re interested in connecting and learning more. We’d love to hear from you.