



Mads Faurholt-Jorgensen

Founding Partner

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Before founding Nova Founders, Mads was a Global Partner and Managing Director of Rocket Internet where he spent the majority of his time in Australia and Asia. Prior to this, Mads was a Managing Director at Groupon. Before Groupon, Mads was a consultant to the CEO and Board at ProSiebenSat1, an Associate with McKinsey & Co. and an Analyst with Private Equity Fund DanKap.

Mads holds an MBA from MIT Sloan School of Management and a BSc in Business Administration from Copenhagen Business School.

Mads has started over 30 companies, with a combined funding of hundreds of millions USD.



DTU PoC Fund

DTU PoC Fund replaces the DTU GAP funding program which has been closed by 2014.

DTU PoC Fund provides financing for DTU innovation projects with current availability of funds from DTU as well as from Region Zealand. Later, availability of funds from Danish funds will also be included.

Financing will be provided for reduction of commercial as well as technical risks, eg. for development of prototypes, scalability demonstration and the like. To be eligible for DTU PoC Fund financing, *it is an ultimate requirement that positive expression of interest from a commercial partner, customer or investor can be demonstrated.*

Application deadlines for 2014 are April 16th, August 11th, and December 5th. Application and budget templates will be uploaded to Portalen in due time before the April deadline.

For further information please contact Adam Hillestrøm, Business Development and Entrepreneurship at adhi@adm.dtu.dk or mobile 2132 6665.

BUDGETING

- Methodology
- Case

Why bother

- | | |
|---|---|
| • Quantify scenarios | <i>Get an overview of economics</i> |
| • Quantify perspectives | <i>Get people involved</i> |
| • Determine cash requirements | <i>Get your venture funded -</i> |
| • Cash flow management
by budget supervision | <i>- and managed.</i> |
| • Tuning the start-up strategy | <i>- by balancing perspective
against financing model</i> |

BUDGETING PROCEDURE

Precondition for budgeting:

Market analysis and business model finalized

1. Market penetration scenario established -> sample
2. Estimate company operations as a function of 1)
3. Establish budgets on transactions¹ in sales and company operations

Budget on transactions in sales and company operations

=> Your CASHFLOW BUDGET excl. investments

1) Transaction = money being moved in or out of the company's bank account

CASHFLOW BUDGET

CIMITYM

Cash Is More Important Than Your Mother (Ken Morse, MIT)

- **Input:**

ALL estimated in- and outgoing payments (transactions) in a time domain

- **Output:**

The total amount of cash flowing in and out in the time domain => The net amount of cash flowing in/out

Accumulated net cash flow = Cash in Hand as a function of time

*Cash in Hand **NEVER** negative:
that defines your capital requirements!*

Inject capital until this condition is met at any given time

Cash Flow Budgeting -> Capital Requirements

SALES and PRODUCTION

Outgoing payments to cover production and incoming payments from sales are derived from:

- Unit costs
- Sales price
- Market penetration in the time domain (market entry scenario)

MARKETING and OPERATIONS

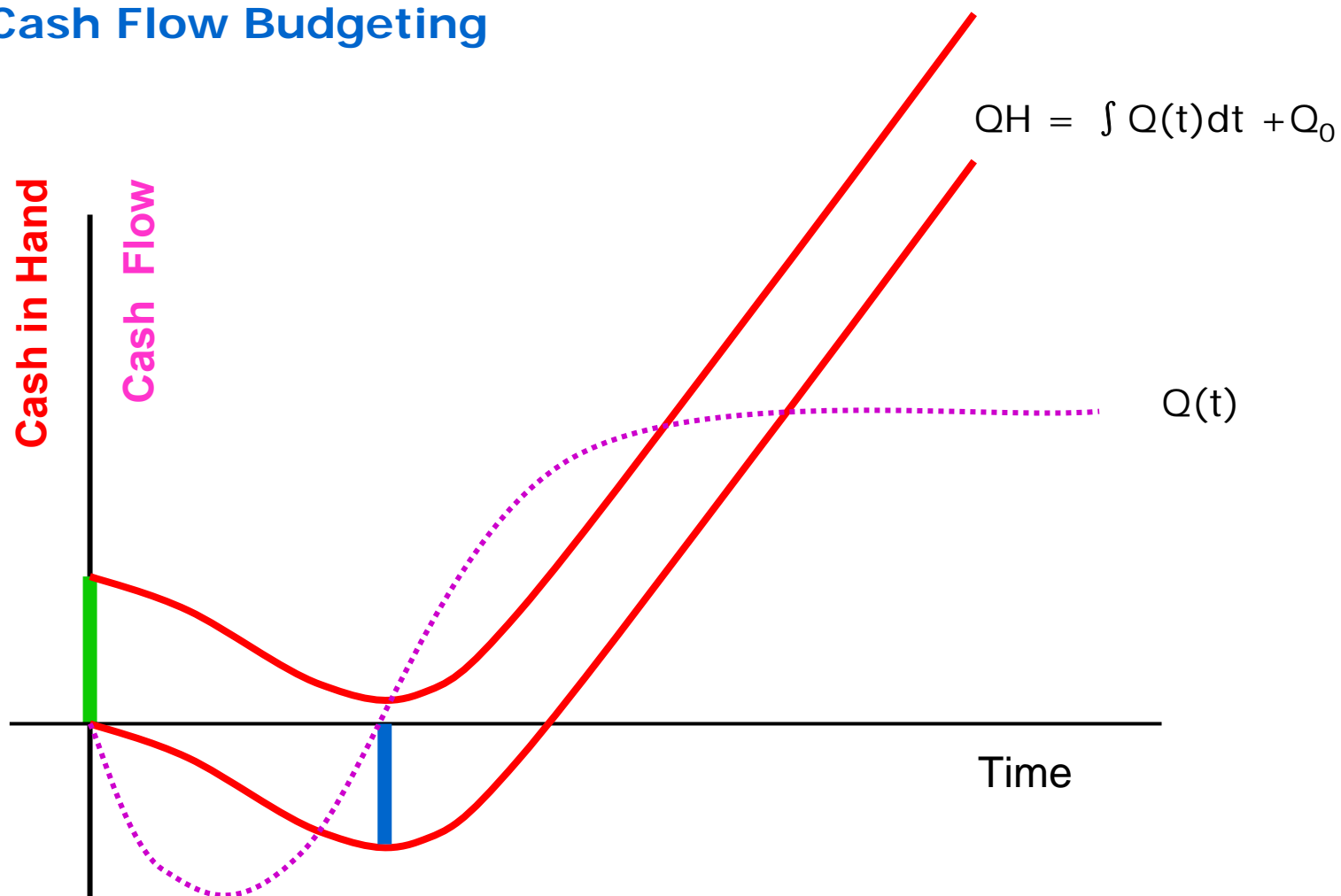
Outgoing payments to run the company are derived from

- Sales & Marketing expenditures
- Rent, running costs, salaries
- IPR , R&D expenditures
- Capital expenditures

Add all outgoing (+) and incoming (-) payments determine cashflow (Q [DKK/month]) and cash-in-hand ($QH = \sum Q$ [DKK]).

Adjust with appropriate cash injections (*loan, equity capital*) to create a positive cash-in-hand throughout the project

Cash Flow Budgeting



Budget on Profit & Loss

Precondition: the cash flow budget

- **Covers an extended period e.g.: 1 year = Annual results**
- **Objectives: analysis, perspectives, key figures, profitability**
- **Consequences:**
 - Trim your business
 - Benchmarking against your competitors' performance
 - Benchmarking against your own previous performance
 - Sanity check – with key-figures and common sense
 - Quantify perspectives
 - Quantify returns on investments => VC case? Y/N.

Budget on Assets & Liabilities - 1

- **Assets = Values owned by the company**
- **Liabilities = How are said values financed**
- **Assets** = outstanding amounts owed to the company, cash in hand, IPR, goodwill , buildings, cars, production facilities - - - depreciated to value as per to day.
- **Liabilities** = invested capital, accumulated profit/loss, outstanding amounts owed by the company
- **Invested equity capital + cumulated profit/loss = equity capital of the company**

Budget on Assets & Liabilities is the last to complete

Budget on Assets and Liabilities - 2

Objectives:

- Determine development in company value over time
- Present financing
- Keep track of development in debtors and creditors
- Check minimum legal equity

Consequence:

- **Solvency = capacity to withstand losses is determined**
- **The development of values over time is quantified**
- **The proficiency in running a tight payment policy is demonstrated**
- In DK: legal minimum equity capital is checked

the waterbike

Incredible human-powered flight!!

Waterbike 1 The inventor

Waterbike 2 First commercial

Waterbike 3 Market develops

Sample 1 : Case

Sample 2: Generic model



ALL for now - coming up next:

7. Lecture Monday, 17 March 2014

Financing