



# Successful fundraiser's philosophy: How micro venture funds get off the ground

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# Part One: Insider Perspective

## How MicroVC is Evolving and Lessons Learned in the Process

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**Cindy Padnos**  
Founder & Managing Partner

# Overview

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- Evolution of Micro VC
- Launching Illuminate
- Differentiation

# Evolution of Micro VC

Only ~1/3 of Firms Are “Traditional” Micro VCs

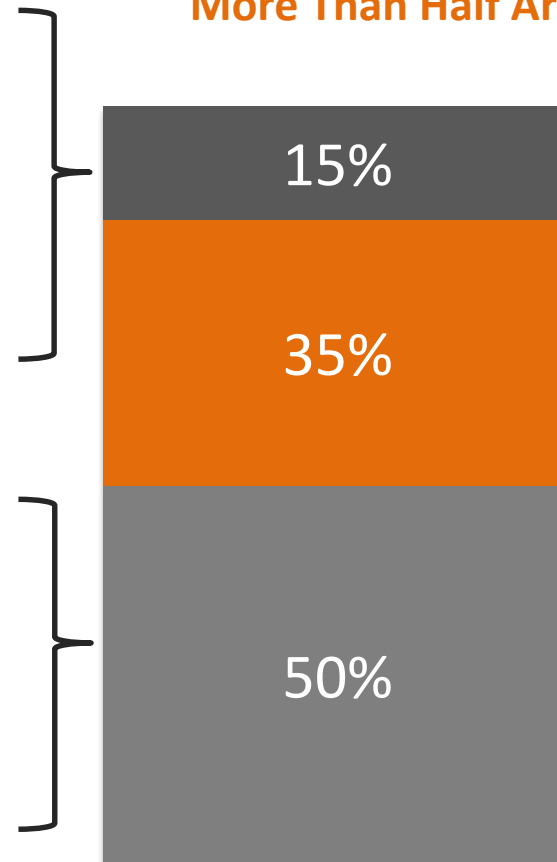
More Than Half Are 1<sup>st</sup> Time Funds - \$14M Average Size Overall

## “Graduated” Firms

- Size: \$75-150M
- Checks: \$1-4M
- PostSeed or Series A
- Syndicate or not
- LPs: Institutional + FO

## Initial Funds

- 1<sup>st</sup> time funds (\$5-25M)
- Checks: \$100-500k
- Notes and Series Seed
- Large syndicates
- LPs: HNWI and SFOs



## “Traditional” Micro VC Firms

- Size: \$25-75M
- Checks: \$250k-1M
- Series Seed
- Small syndicates
- LPs: Institutional lead + SFOs + HNWI

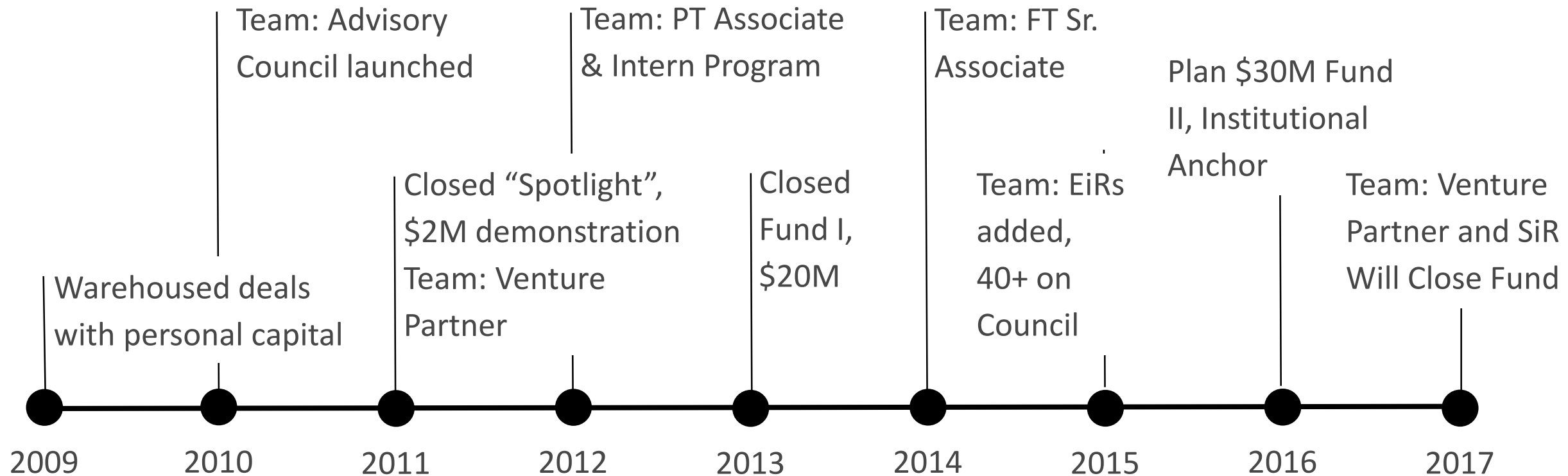
# Evolution of Micro VC

<b>“Typical” MicroVC</b>	<b>2009</b>	<b>Today</b>
# of Funds	27	<b>300+</b>
# First Time Funds	10	<b>150+</b>
Funds \$75 - \$150M	0	<b>30+</b>
Deal Stage	Seed	<b>Seed / Early A</b>
Investment Focus	90% Consumer	<b>60% Consumer</b>
Avg. Seed Deal Size	~\$1.0M	<b>\$1.5M</b>
Early Stage Deal Size		<b>\$4.0M</b>
Avg. # Investors/Deal	8	<b>9</b>
Avg. Seed Pre-Money Valuation	\$2.6M	<b>\$6.1M</b>
Avg. Portfolio Size	40-60	<b>25</b>

Sources: Preqin, PitchBook, CB Insights, Si Legal Strategy VC Banker & Illuminate Ventures

# Launching Illuminate – Our Approach

Investing results: 1 IPO, 5 M&As, 0 Wash-outs





# Differentiation

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- Must be real – will founders, co-investors, LPs reinforce in calls?
- Tailored conversation with each LP – know your audience
- Don't get caught up in the marketing hype:



Following



Truth

**Leo Polovets** @lpolovets

Browsing seed VC websites for inspiration. Turns out every fund is super helpful to extraordinary founders building disruptive technologies.

# Part Two: First 100 Days Raising Your Fund

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**GREENSPRING ASSOCIATES**

*Trusted Relationships. Better Outcomes.*

**Hunter Somerville**  
Partner



# First 100 Days

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- Sharing your track record
- Determining fund size target
- Scouting LPs

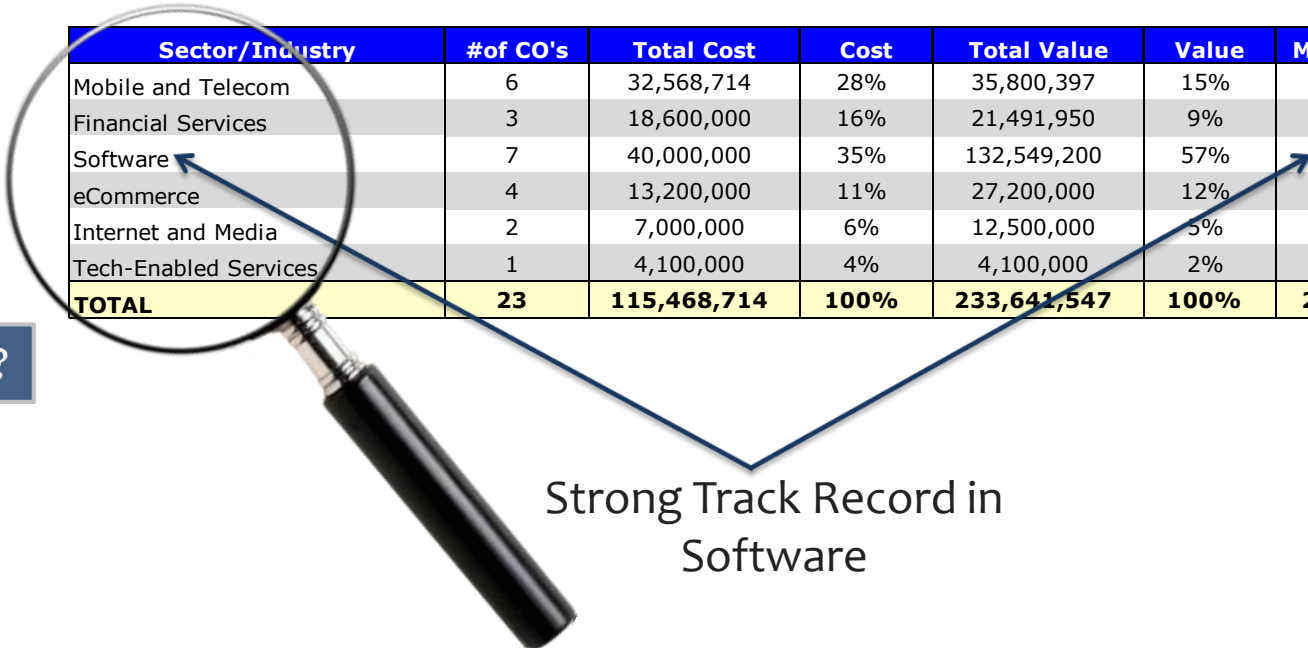
# Sharing Your Track Record

## What Do LP's Want to See in a Track Record?

- Successful exits
- Consistency across a large body of work
- Established domain expertise across verticals

## What Are the Most Important Metrics for LP's?

- Net performance metrics beating benchmarks
- Layering dollars into winners
- Meaningful ownership
- Projected performance of unrealized companies



Sector/Industry	#of CO's	Total Cost	Cost	Total Value	Value	Multiple
Mobile and Telecom	6	32,568,714	28%	35,800,397	15%	1.1x
Financial Services	3	18,600,000	16%	21,491,950	9%	1.2x
Software	7	40,000,000	35%	132,549,200	57%	3.3x
eCommerce	4	13,200,000	11%	27,200,000	12%	2.1x
Internet and Media	2	7,000,000	6%	12,500,000	5%	1.8x
Tech-Enabled Services	1	4,100,000	4%	4,100,000	2%	1.0x
<b>TOTAL</b>	<b>23</b>	<b>115,468,714</b>	<b>100%</b>	<b>233,641,547</b>	<b>100%</b>	<b>2.02x</b>

Strong Track Record in  
Software

# Determining Fund Size Target

## How Do You Select the Size of the Fund?



## What Can LP's Determine from This Number?

### Enterprise Value Needed to Achieve 3.0X Net

	Avg. VC Fund	Micro Fund
<b>Fund Size:</b>	\$500 million	<b>\$50 million</b>
<b>Gross Fund Proceeds (needed to achieve 3.0x net):</b>	\$1.8 billion	<b>\$180 million</b>
<b>Fund Portfolio Enterprise Value Creation:</b>	Depends on average ownership	

Average Ownership	Portfolio Company Enterprise Value Creation	
25%	\$7.2B	<b>\$0.7B</b>
20%	\$9.0B	<b>\$0.9B</b>
15%	\$12.0B	<b>\$1.2B</b>

# Scouting LP's



## How do you leverage your network?

Utilize trusted relationships to facilitate warm introductions to key decision makers



## How do you build and maintain an investor pipeline?

Thoughtful and timely follow-up with growing network



## How do you convert leads?

Build deep relationships and effectively communicate points of differentiation

# Part Three: Alternative Fundraising Platforms

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**AngelList**

**Lee Jacobs**  
Partner

# Leveraging AngelList

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- How to build a deal-by-deal track record through SPVs
- AngelFund & new approaches to fundraising





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