

MVC TRAINING SESSION

**Let's Talk about
Deal Sourcing
for Venture Capital**

A look at how it works for you and your ventures

Definition

Deal sourcing refers to the process through which financiers (such as investment bankers, and private equity firms) are able to discover, evaluate and potentially select various business opportunities

The VC investment process



Source: VCIC, Allied Business Academies

How to do it? (1/2)

Before I start the bullet points, I'd like to invite everyone to imagine a scenario:

- You're a first-year venture analyst in a Venture Capital that mainly focus on the healthcare/Crypto/AI industry. Your boss asked you to pitch some companies aligned with your portfolio at the next weekly internal meeting.
- What would you do to approach this problem?
- How do you break the task down?
- Who are you thinking of reaching out to?



Source: The Office



How to do it? (2/2)

Process steps of deal sourcing

1. Step 1: Gather Your Team
2. Step 2: Select the Method
3. Step 3: Get a Target List and Set up Filters
 - a. You might want to create criteria that will help determine your target metrics.
4. Step 4: Find the Information

Team Brainstorm!



- Make a Team with 4-5 people
- Choose your industry: Healthcare/Crypto/AI
- Brainstorm to come up with a mindmap/some ideas/ names/anything ...
 - e.g: 2nd network on the LinkedIn, Industry summit, friends, social media, Financial Advisor, public contact info, etc.
- 4-5 mins
- share your thoughts with everyone

Deal Sourcing Strategies



Source: SourceScrub

Inbound Deal Sourcing

Inbound deal sourcing includes all transactions that come into a firm through its various connections and networks.

- Subcategories
 - Financial Advisors, Company and personal network
- Pros
 - Inbound deal sourcing saves time and resources on the initial phases of the deal origination process.
- Cons
 - Firms have less control over the quantity or quality of leads that come in.
 - extremely competitive, since companies that are actively seeking investment are likely to reach out to multiple firms at once.

Outbound Deal Sourcing

Outbound deal sourcing refers to actions a firm takes to proactively uncover and connect with potential opportunities.

- Subcategories
 - Building up your own brand, databases and filters
 - Industry Summit, Academia Conference, General network
 - Interpersonal connections
 - Cold emails and cold calls
 - To be continued...
- Pros
 - Firms are empowered to take control of the quantity and quality of companies they reach out to
- Cons
 - Finding reliable information about private companies is extremely difficult and time-consuming

What makes Deal Sourcing effective

1. EffectiveTarget

- a. You want to target at the cases that are in the right industry, selling right product, and right prices

2. Well-done homework before conversations

- a. Try to make everyone in the room to stay on the same page, in terms of the understanding of industry and google knowledge

3. Keep Track

- a. For each interview and meeting, you would want to write down key information and organize it into a database to empower long-term network and database management.
- b. Maybe it's not a good time to make deals now, keep updated and contact and wait for the right timing.



A look at deal sourcing platforms

Dealsuite

Dealsuite allows you to share documents and propositions through plug-and-play SAAS.

Navatar

Navatar provides investor relations as well as comprehensive fundraising.

DealCircle

A Denmark-based platform, this company helps startups as well as angels to get ahold of some good deals.

BankerBay

You just need to add your sell-side deals or investment mandates as a way for the algorithm to find the right counterparties.



What did you learn? What do you want to share?

Let's talk! We hope you learned something new.

**Do you have
any questions?**

Send it to us! We'd like to listen to your feedback.