



ALT NETWORK – LEGAL MASTERCLASS

AFRICA TECH SUMMIT, NAIROBI, KENYA

February 22, 2022

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Outline

PART A - ACCESSING FUNDING OPPORTUNITIES

- Positioning your Tech Start-up Business Idea for Funding Opportunities
- Sources of Start-up Funding
- Stages of Start-up Funding
- Fundamental Questions
- Getting Help

PART B - MANAGING RISKS WHILE SCALING - GAINING TRACTION & GROWTH STRATEGY

- Managing Compliance
- Dealing with New Buyers and Markets
- Cash Flow Management
- Scaling Up too Fast
- Managing Staff and Avoiding Burnout



PART A - ACCESSING FUNDING OPPORTUNITIES

1. POSITIONING YOUR TECH START-UP BUSINESS IDEA FOR FUNDING OPPORTUNITIES

Decisive leverage

Have a plan

Value Creation

Business Formation

Legal Documentation and Compliance

PART A - ACCESSING FUNDING OPPORTUNITIES

2. SOURCES OF START-UP FUNDING

- | | |
|---|-------------------------------------|
| a) Small business loans | f) Angel Investors |
| b) Business incubators and accelerators | g) Invoice discounting or financing |
| c) Bank overdrafts | h) Venture Capital |
| d) Business grants | i) Asset based lending |
| e) Crowdfunding | j) Hire purchase |

PART A - ACCESSING FUNDING OPPORTUNITIES

3. STAGES OF START-UP FUNDING

a) Pre-seed Funding Stage

- Bootstrapping phase
- Typically use your own resources to get operations and the start up off the ground.
- Here you are exploring the feasibility of building an idea into product/service.
- Market testing.
- Develop marketing and sales plan for the product launch.

b) Seed Funding Phase

- Here, a startup receives help in determining its final products and demographics.
- Launch product.
- Build traction until revenue starts coming in.
- Recruiting.
- Developing the product for market.
- Potential Investors are angel investors, friends and family, micro VCs and Crowdfunding.



PART A - ACCESSING FUNDING OPPORTUNITIES

3. STAGES OF START-UP FUNDING

c) Venture Capital Phase

- Series A
- Series B
- Series C
- Series D

d) IPO or Initial Public Offering

Series A

- Have product and income stream
- Further development of product or service
- Key team in Place
- Scalable business plan
- Valuation of US\$10m - US\$30m
- Fundraising - US\$15m
- Angel investors, VCs, Accelerators, Crowdfunding

Series B

- Expansion stage
- Increase market share
- Build high quality teams
- Compete in markets close to rivalry
- VCs, Late-stage VCs
- Valuation of US\$30m – US\$60m
- Fundraising - US\$30m

Series C

- Development Path
- New products, new market, acquiring new underperforming start ups
- Track record of good performance
- Less risk of failure
- Valuation of US\$100m – US\$120m
- Fundraising – US\$50m
- Late stage VCs, Hedge Funds, PE Firm

Series D

- Very rare
- New products, new market or fund a merger
- Not been able to meet targets and need more funding rather than go for an IPO
- Sends bad signal to the market
- Late stage VCs, PE Firms, Banks, Hedge Funds
- Valuation of US\$150m – US\$300m
- Fundraising – US\$100m

IPO

- First time shares are offered to the public
- Growing start-ups use this to generate funds
- Established organisations use this to allow founders exit fully or partially
- Requires high level of compliance and documentation
- Needs a competent and skilled team

4. FUNDAMENTAL QUESTIONS

- a) Does my business need funding at this time?
- b) What type of funding does my business really require?
- c) Is the idea capable of generating good revenue?
- d) What funding source should I use to give maximum leverage to my business at this time?
- e) How will the startup get the money back on time? And why should I consider funding? Yes funding gives you great leverage that collapses time for you, as cashflow is the lifeblood of every business, but the wrong one can also badly affect your business health. However, getting to cashflow requires a system and structure that needs funds.

4. FUNDAMENTAL QUESTIONS

- f) What is your business model?
- g) Does the startup have a great team or can it create one to drive their plan?
- h) Who is in your network right now? Do you have a mentor or can you get one?
- i) Do you know someone who can get your business in front of the investors you're interested in?
- j) Can you show how much their investment will be worth in one or two years? Getting to the customer and meeting their needs and requirements is paramount for your tech startup, and a good plan backed with the right funds creates this reality.

PART A - ACCESSING FUNDING OPPORTUNITIES

5. GETTING HELP

- Incubator or accelerator - Business incubators basically nurture and grow your business while accelerators fast-track same for swifter scale.
- Lawyers - Inhouse or external lawyers? international or local lawyers? Cost?
- Building an experienced team - Poach or train? or a mix?



PART B - MANAGING RISKS WHILE SCALING - GAINING TRACTION & GROWTH STRATEGY



Managing
compliance

Dealing
with new
buyers and
markets

Cash flow
management

Scaling up
too fast

Managing staff
and avoiding
burnout



Managing Compliance

- Regulatory compliance
- Engage with the regulators
- Policy monitoring
- Engage experts to advise on the legal aspects of consultations, including possible legal challenges and statutory requirements
- Budget for Legal and Compliance

Dealing With New Buyers and Markets

- Be informed
- Consider trade credit insurance

Cash Flow Management

- Balance between advance payments and cash flow
- Review budget as you scale to keep it tight
- Create new revenue stream
- Consider favourable debt

Scaling Up Too Fast

- Avoid premature scaling
- Focus on creating value and on efficient internal processes
- Align market positioning with goals
- Decide on next steps

Managing Staff And Avoiding Burnout

- Increased workload and risk of fatigue
- Restructure workforce or hire
- Consider organisational fit and organisational culture



Questions?



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