

# The **Angel** Accelerator

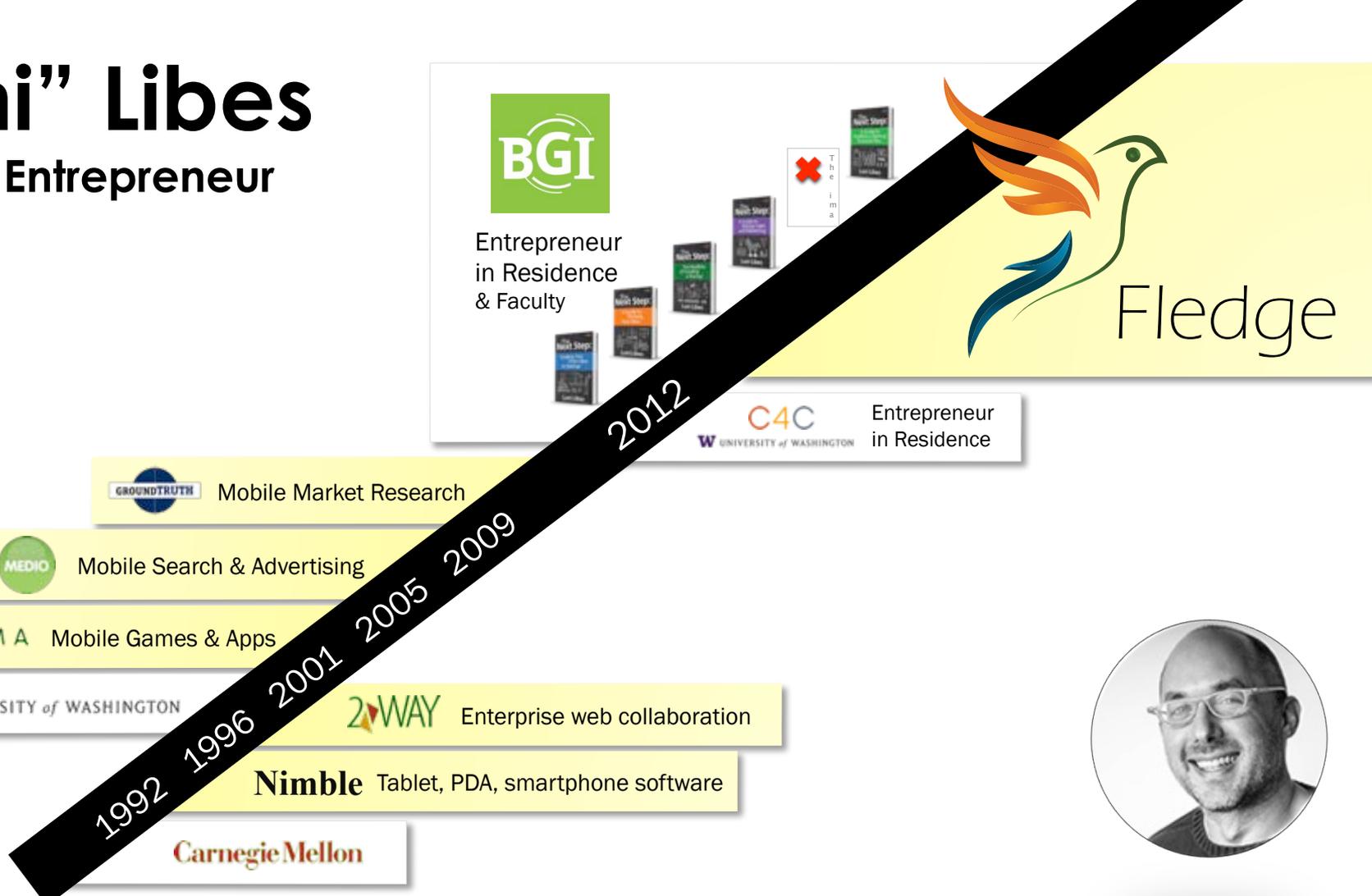
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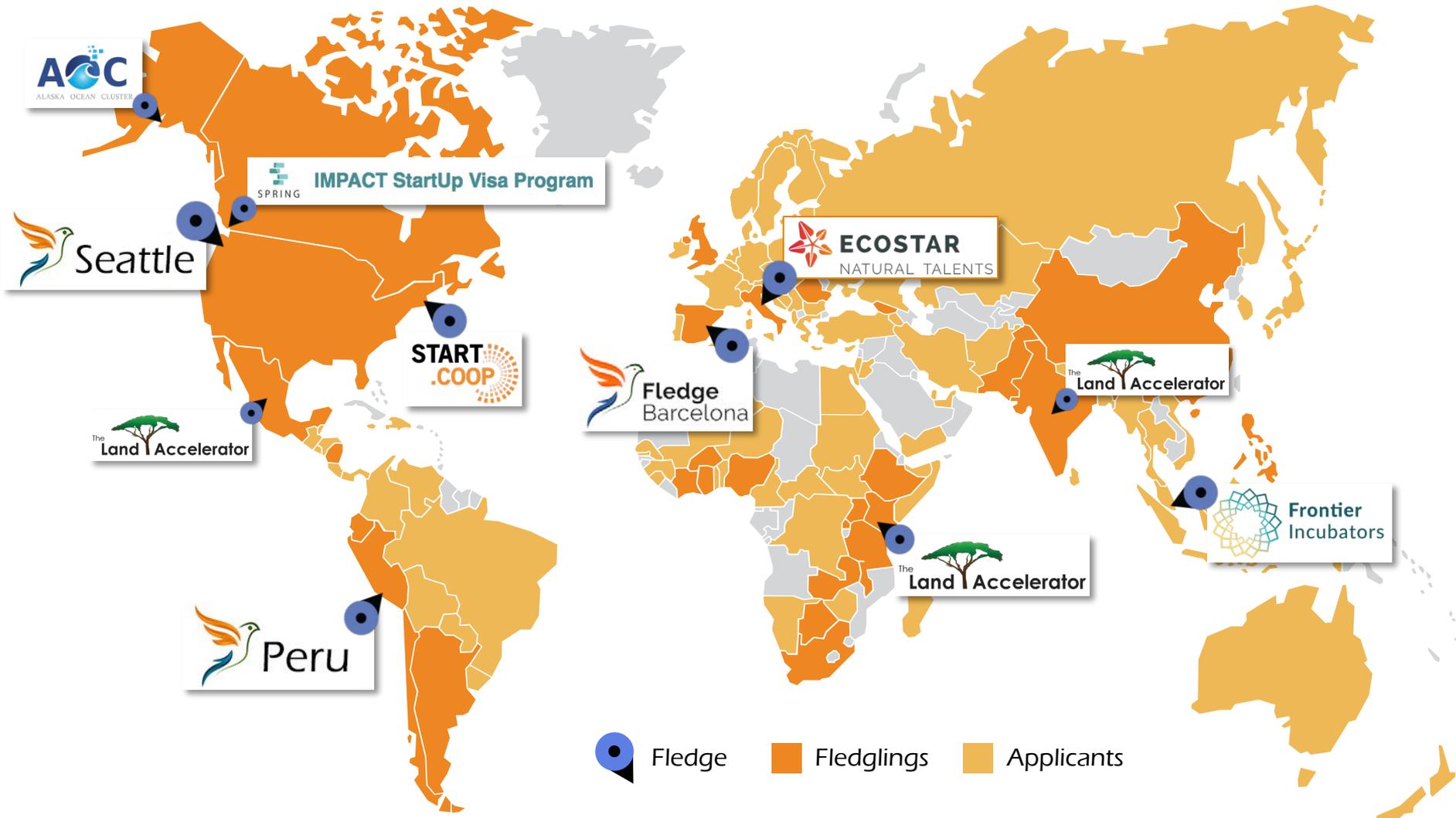
## ***Angels, Accelerators and the Yellow Flags of Startups and Startup Investing***

**Workshop #8**

# “Luni” Libes

Serial Entrepreneur





**AOC**  
ALASKA OCEAN CLUSTER

**IMPACT StartUp Visa Program**  
SPRING

**Seattle**

**START .COOP**

**The Land | Accelerator**

**Peru**

**Fledge Barcelona**

**ECOSTAR**  
NATURAL TALENTS

**The Land | Accelerator**

**The Land | Accelerator**

**Frontier Incubators**

**Fledge**   **Fledglings**   **Applicants**

# Timeline

- **Free workshops**
  - Today
  - Monday, January 27<sup>th</sup>
- **Investor Commitment**
  - End of January
- **Select fledglings**
  - Over 600 applications
  - Short list of 20-30
  - Investors pick **7**
  - Invitations mid-February
- **Accelerator**
  - April 13 – May 29

Angels look at **hundreds**  
of companies before  
saying **YES** to one.

VCs look at **thousands** of  
companies before saying  
**YES** to one.

**For Angels and VCs  
the default is**

**NO**

# **RED** **FLAGS?**

**Jump immediately to PASS.  
Do not pass GO. DO NOT FUND!**

# Defies the Laws of Physics

Yasa Uganda Limited  
Plot ER 02, Ebenezer Close, Spring  
Road, Kyaliwajjala



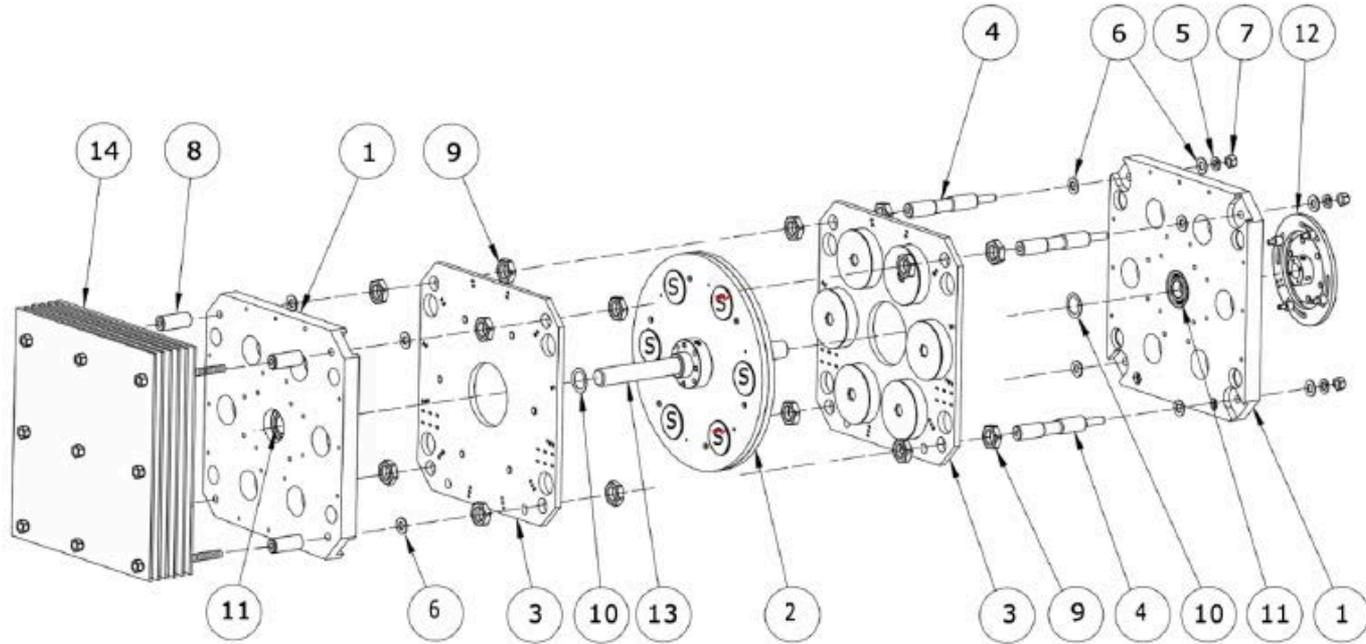
P.O.Box 670, Kampala – Uganda  
Tel: +256 (0) 783689831  
Website: [www.app.yasauganda.com](http://www.app.yasauganda.com)

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## Introduction

YASA Uganda is an energy inclusion start-up that seeks to revolutionize the energy space with a disruptive innovative solution. YASA means “lighting”. Our goal is to bring clean and renewable energy to off-grid communities where conventional electricity does not exist. Our flagship product is a fuel-less energy generator (FEG). It’s a kind of generator which does not use any kind of oil, diesel or petrol to produce energy. It induces motion by the use of a motor that spins the alternator to produce energy. Part of the energy which is produced by the alternator is recycled back to charge the batteries or capacitors that provide the initial charge to the motor to sustain the process.

# Defies the Laws of Physics



# Most Cryptocurrency ICOs

## TOP 50 ICOs OF ALL TIME

Below you'll find the listings of the top 50 ICOs of all time. You will see the name of the ICO, the amount they raised and you'll also be given a link to their website.

Sr. No.	ICO Name	Amount Raised	ICO Token Price
1	<a href="#">Filecoin [Futures]</a>	\$257000000	\$5
2	<a href="#">Tezos</a>	\$232000000	\$0.5
3	<a href="#">SIRIN LABS Token</a>	\$157885825	\$0.47
4	<a href="#">Bancor</a>	\$153000000	\$3.86
5	<a href="#">Status</a>	\$108000000	\$0.036
6	<a href="#">QASH</a>	\$105000000	\$0.31
7	<a href="#">Aragon</a>	\$73000000	\$0.917

# Most Cryptocurrency ICOs



**PonziCoin** (PONZI)

\$0.002116 USD **(-10.59%)**

0.00000024 BTC **(-17.04%)**

← Share

★ Watch



Rank 1989



[Announcement](#)



[Explorer](#)



[Technical Documentation](#)



Coin

Mineable

Market Cap	Volume (24h)	Circulating Supply
\$1,822.32 USD 0.20719155 BTC	\$395.23 USD 0.04493637 BTC	861,099 PONZI

# Crazy Economics

W

\$500,000 in exchange for 10% equity

\$100,000

IPO in the next two years

\$50 million in revenue by Year 3

exchange for 51% equity

Amazon will buy the company once we hit \$10 million

# **YELLOW FLAGS?**

**Dig into the Due Diligence.  
Q&A to determine if livable.**

# E.g. Marketingspeak

- We reach underserved consumers by connecting production centers to consumer centers and controlling distribution activities to avoid food waste.
- Our supplier service packages that include: instant stocks management, traceability, route optimization, customers attraction, catch buyers, recycling service of that packages consumers purchased with us.

# E.g. Marketingspeak

- We reach underserved consumers by **connecting production centers to consumer centers** and **controlling distribution activities** to avoid food waste.
  - Production and consumer centers? Distribution activities?
  - What does the customer buy?
  - If the entrepreneur can't clearly explain in plain English what they do and why they do it, they are not going to be successful at selling, or marketing, or recruiting.

# E.g. Buzzword Soup

- With our cloud based and A.I. driven platform, we have fully automated the process of renewing vehicle documents in Nigeria & Africa. No middle men.

# E.g. Buzzword Soup

- With our **cloud based** and **A.I.** driven **platform**, we have **fully automated** the process of renewing vehicle documents in Nigeria & Africa. No middle men.
  - Why the use of all the buzzwords?
  - Are they there to lure inexperienced investors?
  - Are they hiding a lack of uniqueness?

# E.g. Uninformed?

- eP.NG is Nigeria's first digital poultry investment platform. A digital agriculture platform that provides debt-free financing, technical skills and mentorship as well as market access to smallholder farmers.

# E.g. Uninformed?

- eP.NG is Nigeria's first digital poultry investment platform.
  - **NOT TRUE**
  - Birdpreneur has been operating in Nigeria for years.
  - Birdpreneur is one of my investees.
  - It's not huge, but if eP.NG can't notice an existing competitor, what else are they not noticing about their market?

# E.g. Team

- I'm the only employee right now, working full-time.

# E.g. Team

- I'm the only employee right now, working full-time.
  - The founder can't find a co-founder?
  - There isn't enough sales to hire anyone part time?
  - The founder can't find anyone who will volunteer?
  - If they can't sell on the employment side, how will they sell to customers, and to other investors?

# E.g. Stale

- 10 years old
- No website?
- \$2,000 in annual revenues?
- With a team!?

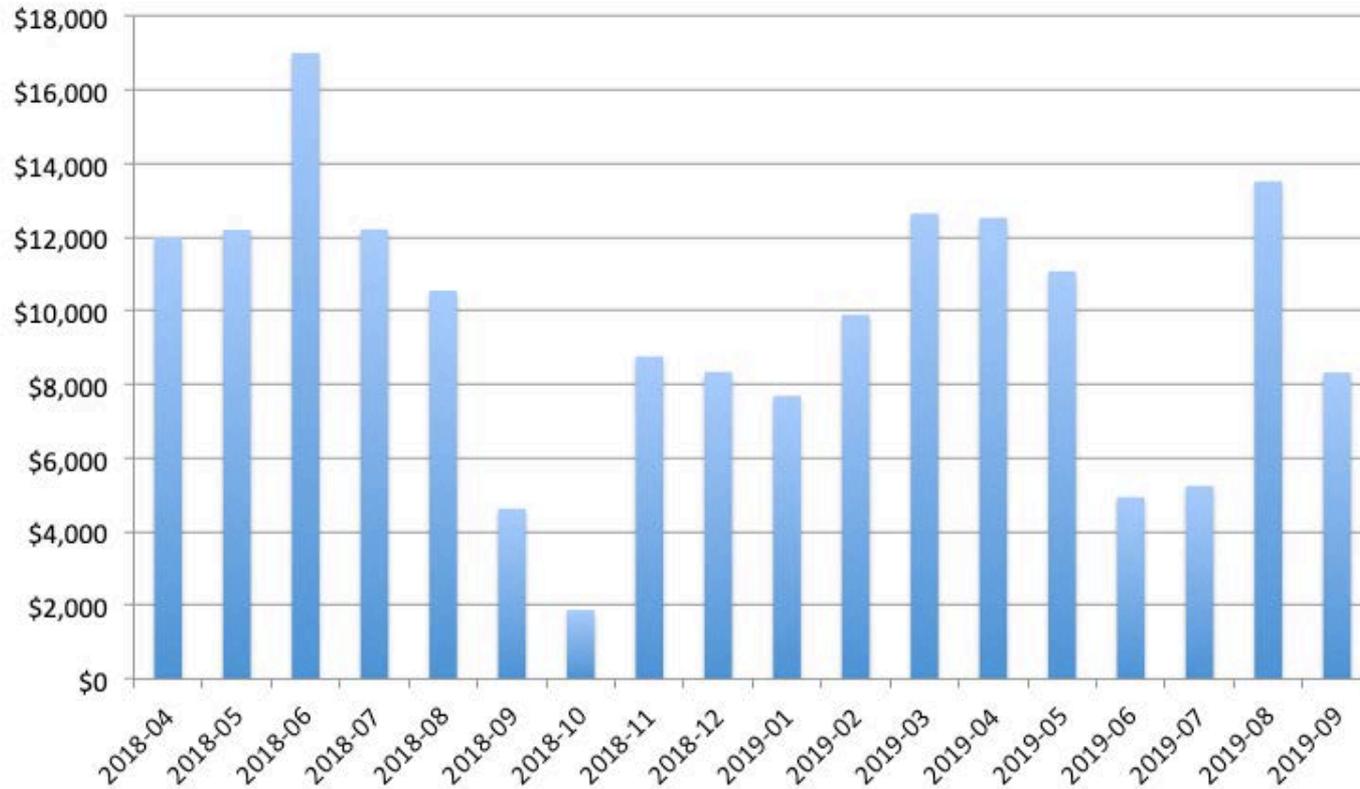
2 Website \*  
nil

5 Start date? \*  
Jun 9, 2009

6 Investment to-date?  
\$3.5K

7 Revenues (last 12 months)?  
\$2K

# E.g. Noisy Financials



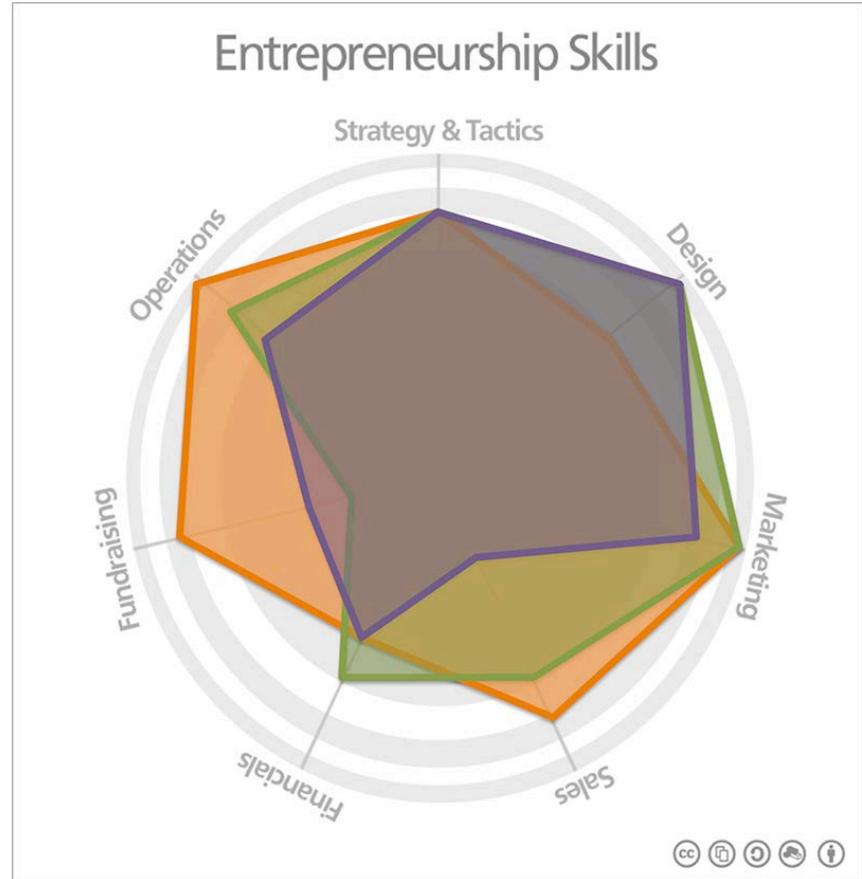
# FIXABLE?

**As an Angel, PASS.**

**As an Accelerator, ask if it's **fixable!****

# E.g. Skills

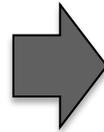
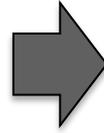
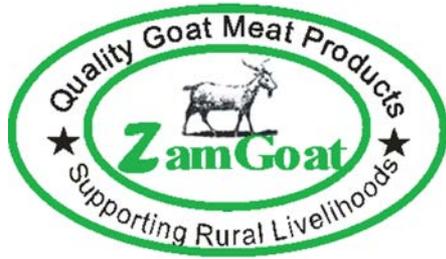
- Missing a skill?
  - An accelerator can teach a skill or two or three in two months



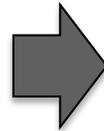
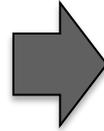
# E.g. Strategy

<p><b>Key Partners</b></p> <ul style="list-style-type: none"> <li>-Lake Basin Dev't Authority</li> <li>- Enterprise Uganda</li> <li>- Busia Local Gov't</li> <li>- Bamukwasi Rock Valley Fish Farm.</li> <li>- Ye! Community</li> <li>- Open Capital Finance</li> </ul> <p><b>Key Suppliers</b></p> <ul style="list-style-type: none"> <li>-China North Machine- Uganda</li> <li>-MAAIF- Uganda</li> <li>-Monasa Kenya Ltd- Kenya</li> <li>- Steel &amp; Tube Ind.- Uganda</li> <li>-Lake Basin Dev't Authority -Kenya</li> </ul> <p><b>Key Resources from Partners</b></p> <ul style="list-style-type: none"> <li>-Finance resource mobilization</li> <li>-Mentorship and coaching</li> <li>-Production scale up</li> <li>- Supply of Fish seed and brooders.</li> </ul> <p><b>Partnership Motivation</b></p> <ul style="list-style-type: none"> <li>-Reduction of risks &amp; Uncertainties</li> <li>-Quality products &amp; growth</li> <li>-Project Impact realized</li> <li>-Innovations and replicability</li> </ul>	<p><b>Key activities</b></p> <ul style="list-style-type: none"> <li>-Production of table size tilapia, fish feeds and fingerlings</li> </ul> <p><b>Distribution channel</b></p> <ul style="list-style-type: none"> <li>-Retailers, whole sellers &amp; Fish Vendors</li> </ul> <p><b>Customer Relationship.</b></p> <ul style="list-style-type: none"> <li>-Good, steady supply of fish.</li> <li>- Risk management to prevent fish mortalities and theft.</li> </ul>	<p><b>Value proposition</b></p> <p><b>Value to customers</b></p> <ul style="list-style-type: none"> <li>-High quality bulk mature clean timely fresh fish.</li> <li>- Quality fish seed &amp; feeds supply.</li> </ul> <p><b>Problem Solved.</b></p> <ul style="list-style-type: none"> <li>-Quality Fish availability</li> <li>-Employment</li> <li>- Quality fingerlings supply</li> <li>-Quality fish feeds supply</li> <li>- Cage farming Knowledge transfer</li> <li>- Over fishing</li> </ul> <p><b>Bundle of products</b></p> <ul style="list-style-type: none"> <li>-Bulk mature fish for fillets</li> <li>-whole fresh fish for domestic consumption</li> <li>- Fingerlings for farmers</li> <li>- Fish feeds for farmers</li> <li>- Skills transfer on cages.</li> </ul> <p><b>Customer needs satisfied.</b></p> <ul style="list-style-type: none"> <li>-Good quality fresh fish</li> <li>-Fish availability at all time in the market.</li> <li>- Cheap quality fish feeds and seeds</li> <li>- Cage Culture Knowledge transfer.</li> </ul>	<p><b>Customer relationship</b></p> <ul style="list-style-type: none"> <li>-Dedicated Personal assistance</li> </ul> <p><b>Channels</b></p> <p><b>Awareness:</b> Radio and news paper advertisement.</p> <p><b>Evaluation:</b> M &amp; E system, suggestion box</p> <p><b>Purchase:</b> cash and Bank payment</p> <p><b>Delivery:</b> refrigerated trucks, fish trays and iced sacs.</p> <p><b>After sales:</b> Customer desk to handle complains and advise.</p>	<p><b>Customer segment</b></p> <p><i>Niche Market</i></p> <p>3.6% of the Eastern Uganda market with a 120 tons annual production.</p> <p><b>Important Customers</b></p> <p><b>Tilapia fish</b></p> <p>Fish wholesalers = 60%</p> <p>Fish retailers = 25%</p> <p>Fish Vendors =15%</p> <p><b>Fingerlings &amp; fish feeds</b></p> <p>Fish farmers (Ug) =70%</p> <p>Fish farmers (Ke) = 30%</p>																															
<p><b>Scale up Cost structure</b></p> <p>Capital Investment = \$ 74,832</p> <p>Operational Costs = \$ 25,168</p> <p><b>Total Investment = \$ 100,000</b></p> <p><b>Key Expensive resources</b></p> <p><b>Investment Resources</b></p> <p>Fish feed raw materials = \$ 29,789</p> <p>Cage nets 52 pcs = \$ 12,552</p> <p>Feed mill machinery = \$ 12,000</p>	<p><b>Key resources</b></p> <ul style="list-style-type: none"> <li>-Finance</li> <li>- Fish Cleaning and ice plant facility</li> <li>-Human resource</li> <li>- Land and water for hatchery and cages</li> </ul>		<p><b>Revenue streams.</b></p> <table border="1" data-bbox="1103 631 1477 740"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Market Price (USD)</th> <th>Our price (USD)</th> </tr> </thead> <tbody> <tr> <td>Tilapia fish</td> <td>1Kg</td> <td>2.8</td> <td>2.3</td> </tr> <tr> <td>fingerlings</td> <td>1 pc</td> <td>0.07</td> <td>0.035-0.05</td> </tr> <tr> <td>Fish feeds</td> <td>1 Kg</td> <td>1</td> <td>0.86</td> </tr> </tbody> </table> <p>-Customers are willing to pay from \$2.3 - \$3 per Kg of whole fresh fish.</p> <p>-Customers prefer paying cash on delivery</p> <p><b>Overall revenue per annum = 348,276</b></p> <p><b>Contribution to overall revenue stream</b></p> <table border="1" data-bbox="1103 904 1477 1002"> <thead> <tr> <th>Revenue stream</th> <th>Revenue(USD)</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Table size Tilapia</td> <td>289,655</td> <td>83</td> </tr> <tr> <td>Fingerlings Sales</td> <td>51,724</td> <td>15</td> </tr> <tr> <td>Fish Feed sales</td> <td>6,897</td> <td>2</td> </tr> <tr> <td><b>Total</b></td> <td><b>348,276</b></td> <td><b>100</b></td> </tr> </tbody> </table>	Item	Quantity	Market Price (USD)	Our price (USD)	Tilapia fish	1Kg	2.8	2.3	fingerlings	1 pc	0.07	0.035-0.05	Fish feeds	1 Kg	1	0.86	Revenue stream	Revenue(USD)	Percentage	Table size Tilapia	289,655	83	Fingerlings Sales	51,724	15	Fish Feed sales	6,897	2	<b>Total</b>	<b>348,276</b>	<b>100</b>	
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# E.g. Branding



# E.g. Re-Branding

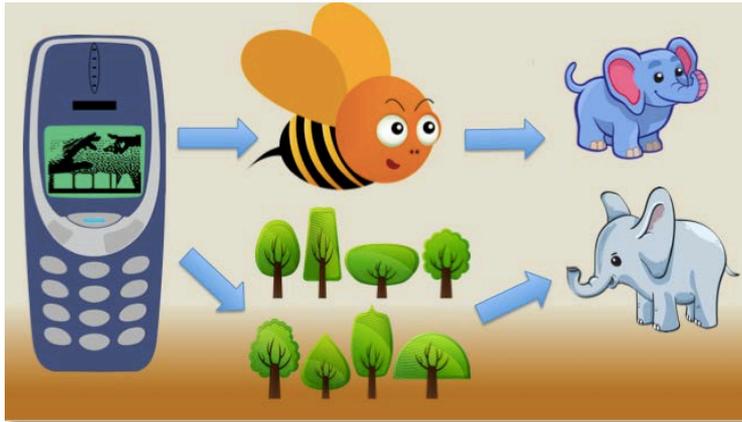


# E.g. Financial Modeling

	A	B	C	D	E	F	G
1							
2	<b>For the End of Year:</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
3	Cash at the Beginning of Year	\$ -	\$ 2,184,500	\$ 943,523	\$ 8,727,565	\$ 7,220,650	\$ 6,047,047
4							
5	<b>Operations</b>						
6	<b>Cash receipts from:</b>						
7	Income collected from interest	\$ 1,477	\$ 117,061	\$ 1,095,050	\$ 3,230,614	\$ 6,846,953	\$ 12,055,586
8	Income from discounted on childcare	\$ 3,406	\$ 206,955	\$ 940,770	\$ 1,946,413	\$ 3,231,094	\$ 4,768,336
9	Income from fees	\$ 750	\$ 68,473	\$ 318,042	\$ 678,999	\$ 1,179,282	\$ 1,821,939
10							
11	<b>Cash paid for:</b>						
12	General operating & admin expenses	\$ (63,705)	\$ (438,231)	\$ (599,540)	\$ (995,323)	\$ (1,293,582)	\$ (1,793,286)
13	Wage expenses	\$ (14,000)	\$ (127,159)	\$ (254,675)	\$ (861,413)	\$ (1,500,204)	\$ (2,017,778)
14	Interest Expense	\$ (760)	\$ (35,852)	\$ (384,147)	\$ (1,273,968)	\$ (2,658,064)	\$ (4,616,445)
15	Income taxes	\$ -	\$ -	\$ (161,343)	\$ (608,844)	\$ (1,300,369)	\$ (2,290,015)
16							
17	<b>Net Cash Flow from Operations</b>	\$ (72,832)	\$ (208,753)	\$ 954,157	\$ 2,116,477	\$ 4,505,110	\$ 7,928,336
18							
19							
20	<b>Investing Activities</b>						
21	<b>Cash receipts from:</b>						
22	Collection on principal on parent loans	\$ -	\$ 11,475	\$ 705,482	\$ 3,309,922	\$ 6,322,813	\$ 11,988,319
23							
24	<b>Cash paid for:</b>						
25	Childcare payments subsidized by parent loan	\$ (42,668)	\$ (2,592,129)	\$ (11,288,935)	\$ (21,808,083)	\$ (35,538,757)	\$ (50,447,958)
26							
27	<b>Net Cash Flow from Investing</b>	\$ (42,668)	\$ (2,580,654)	\$ (10,583,453)	\$ (18,498,162)	\$ (29,215,944)	\$ (38,459,638)
28							
29	<b>Financing Activities</b>						
30	<b>Cash receipts from:</b>						
31	Issuance of stocks	\$ 2,000,000	\$ -	\$ 10,000,000	\$ -	\$ -	\$ -
32	Convertible debt	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -
33	Borrowing of loans from BCF creditors	\$ -	\$ 1,555,278	\$ 7,902,255	\$ 17,446,467	\$ 28,431,006	\$ 40,358,366
34							
35	<b>Cash paid for:</b>						
36	Repayment of loans to BCF creditors	\$ -	\$ (6,849)	\$ (488,916)	\$ (2,571,697)	\$ (4,893,774)	\$ (9,220,567)
37							
38	<b>Net Cash Flow from Financing</b>	\$ 2,300,000	\$ 1,548,429	\$ 17,413,338	\$ 14,874,769	\$ 23,537,231	\$ 31,137,799
39							
40	<b>Net Increase in Cash</b>	\$ 2,184,500	\$ (1,240,978)	\$ 7,784,042	\$ (1,506,915)	\$ (1,173,603)	\$ 606,496
41							
42	Cash at end of Year	\$ 2,184,500	\$ 943,523	\$ 8,727,565	\$ 7,220,650	\$ 6,047,047	\$ 6,653,543

# E.g. Investorspeak

- How to talk to investors?



# More...

- Business Models
- Leadership
- Corporate/Legal structures
- Multi-national operations
- Franchise/License vs. Corporate

# NOT FIXABLE

Not every **yellow flag** is fixable

**What do the next  
3 pitches have in  
common?**

# E.g. Anti-Solar

- Anti-solar's panels provide passive cooling of your home or office, through the day and night.

## **E.g. Manna**

- Manna turns your dinner scraps into nutritious, dried, delicious, shelf-stable snack bars.

# E.g. Fusionary

- Fusionary is a safe and affordable fusion generator providing heat, hot water, and electricity for your home or office.

# In Common: R&D

- Beware the R&D pitch
  - Is there a prototype?
  - What is needed to turn the prototype into a commercial product?
  - How much time and money is needed?
  - What will the product cost?
    - Is that cost affordable?

# In Common: R&D

1. Prototype?
  2. Commercial product?
  3. Investment to market?
  4. Product cost?
- Anti-solar
    - Prototype
    - \$\$,\$\$\$,\$\$\$
    - Theoretically 10°F
  - Manna
    - I made it up
  - Fusionary
    - Many prototype companies
    - \$\$,\$\$\$,\$\$\$,\$\$\$
    - 10+ years
    - Unknown price, if ever

**What do the next  
3 pitches have in  
common?**

# E.g. Community Sourced Capital

- Small, 0% interest loans to local companies from their happy customers.



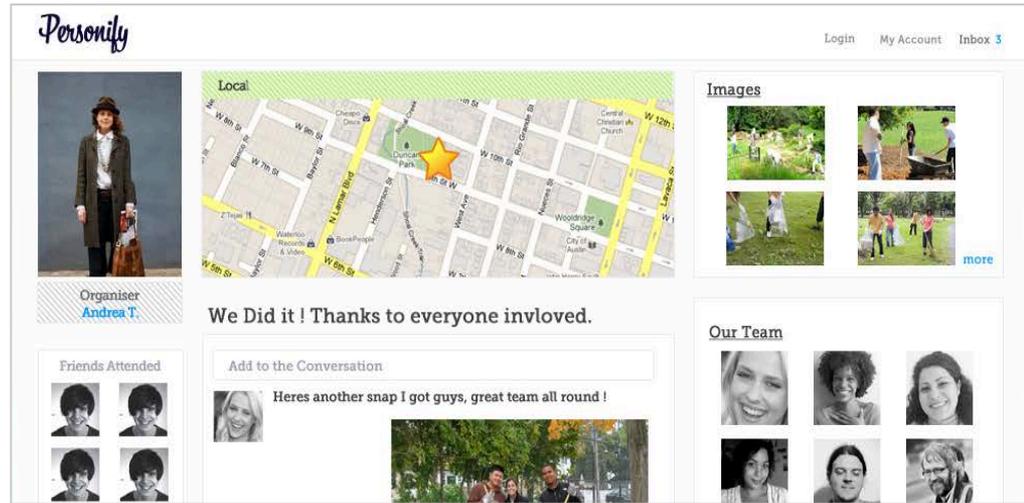
# E.g. Juabar

- Solar-powered kiosks to provide charging to the 67% of the residents of Tanzania with cellphones, in a country where 2% of the populace has access to the electric grid



# E.g. Personify

- Make donating time to charity as easy as donating money.



# In Common: Failure

- Startups fail
  - Half of all startups don't survive five years
  - 85% of venture backed startups run out of money
- You can't foresee what will go wrong

# In Common: Failure

1. Startups Fail
  2. Most startups fail
  3. You can't predict why any startup might fail
- Community Sourced Capital
    - Cost of acquiring customers
    - Competition
  - Juabar
    - Equipment failure
    - Raising capital in Tanzania
  - Personify
    - Took three years to launch
    - Ran out of personal runway

# **DUE DILIGENCE**

**The best you can do is ask questions**

# Due Diligence

## Angel / VC

- Why **not** to invest
- Legal corporation?
- Who is missing from the team?
- Commercial product?
- Financial model?
- No **red** or **yellow** flags?

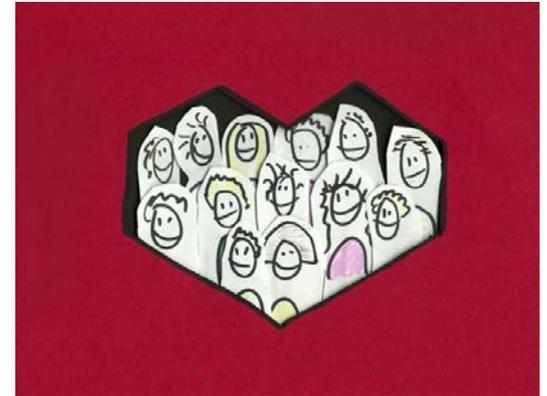
## Accelerator

- Why **to** invite
- Can incorporate later
- 2+ people who can communicate?
- Prototype + Early sales?
- Sufficient market?
- **Fixable**?

One investor  
yellow flag?

# E.g. HERE

- The age-old ways to meet and do with neighbors is bulletin boards. HERE moves that information onto your smartphone, creating a social network of places.



# HERE: What Went Wrong

- Solopreneur
  - Found a co-founder but didn't work out
- Had an old co-inventor
  - Who sued for IP theft
- The investor liked the idea
  - An put **idea before business plan**

Invest in  
**PEOPLE and PLANS**  
not **IDEAS**

Lastly... remember...



**SHARK TANK**

is **REALITY TV**,  
not real investing

# The **Angel** Accelerator

powered by  *Fledge*

**“Luni” Libes**

[luni@fledge.co](mailto:luni@fledge.co)

# Timeline

- **Free workshops**
  - Today
  - Monday, January 27<sup>th</sup>
- **Investor Commitment**
  - End of January
- **Select fledglings**
  - Over 600 applications
  - Short list of 20-30
  - Investors pick **7**
  - Invitations mid-February
- **Accelerator**
  - April 13 – May 29

# Details

- **Meet the Fledglings**

- Monday, April 13

- **7 Weeks of Lessons**

- Tuesdays, April 14 – May 26
- Angel Investing 101
- Investment Terms and Structures
- Leading an Investment
- Being a Good Board Member
- Portfolio Investing
- Fund Management

- **Mentorship**

- When you have time, any day April 14 - May 28

- **Demo Day**

- Thursday, May 28

- **After Graduation**

- Keep mentoring
- Follow-on investments
- Rinse and Repeat

# Cost

- **\$10,500**
  - \$10,000 is an investment
  - \$500 is the program fee
  - 7 investments with a single check
- **Fledge is a (tiny) venture capital fund**
  - \$2.9 million raised from 59 investors
  - 57 invested \$25,000 or \$50,000 or \$100,000
  - 1 investor is a foundation
  - Many investors used their donor advised fund to invest

# Cost

- 

Participants must be accredited investors. Details available upon request.
- **Fledge is a (tiny) venture capital fund**
  - 

Fledge is a private fund.  
Historic details are available upon request.
  - 
  -

# More Details

- **Fledge.co/angels**
- luni@fledge.co

# The **Angel** Accelerator

powered by  *Fledge*

**“Luni” Libes**

[luni@fledge.co](mailto:luni@fledge.co)