



How to Start and Grow Your Company

# From Idea to Exit

**ORACLE**  
**NETSUITE**

**ACL** Digital  
an ALTEN group company



## Idea

The Idea Stage is all about conceptualising your business and defining the market need. It's generally pre-funding; the founder is typically bootstrapping the business by using personal investments.

## Stakeholders



Founder and  
Co-Founder

## Steps

- Invest in your own idea and build a strong prototype of the product/service.
- Find the right partner or potential co-founder.

## Goal

Develop a proof of concept and a business/production plan. The biggest challenges are: managing risk, assembling the right team and validating the product.





## Angel Round (or Pre-Seed Funding)

The Angel and Pre-Seed funding rounds, which can typically range from US\$10,000-US\$500,000, go to founders for investment in exchange for equity in their companies—usually 5%-10%—right at the early stages. Angel stage companies have a clearly thought out business plan, with a market opportunity.

### Stakeholders



Founder and  
Co-Founder



Friends and  
Family



Angel Investors/  
Pre-Seed Funding

### Steps

- Build initial customer base, develop early stages of revenue.
- Hire core team.

### Goal

Gain capital to execute the business plan and set up the company for future investment(s). The proof of market fit/proof of concept is built out for pitches along with relevant financial reports and compliance with accounting policies.



## Seed Round

The Seed round typically involves more key players than prior rounds, who may provide both monetary capital and industry expertise. Companies are receiving these investments to launch business operations and demonstrate revenue potential for securing additional investment rounds.

### Stakeholders



Founder and Co-Founder



Friends and Family



Angel Investors/  
Pre-Seed Funding



Early-Stage Investors

### Steps

- Demonstrate a positive track record and a detailed business plan.
- Appeal to industry experts.

### Goal

Acquire funding. Gain access to industry influencers and their networks.



## Series A

Series A is typically raised when the company has started generating revenue from its business model, but it may not be generating net profits. This stage is usually when the first Venture Capital (VC) firms become involved; VC firms will usually get between 10%-50% ownership equity for their funding which typically falls between US\$2-15 million.

### Stakeholders



Founder and  
Co-Founder



Friends and  
Family



Angel Investors/  
Pre-Seed Funding



Early-Stage  
Investors



VC Firms

### Steps

- Exhibit a positive outlook to VC firms.
- Gain traction in the market.

### Goal

Establish a strong valuation by creating a detailed action plan that investors will buy into. At the Series A stage, the funding will often be used to optimise the product and consumer base.



## Series B

Series B is where a startup may receive funding from both VCs and Private Equity (PE) firms; the funding is typically much more significant than prior rounds. The estimated company capital raised during this round is roughly US\$7-10 million.

### Stakeholders



Founder and Co-Founder



Friends and Family



Angel Investors/  
Pre-Seed Funding



Early-Stage  
Investors



VC Firms



PE Firms



Any other institutional  
investors

### Steps

- Solidify a model that investors are trying to get behind.
- Fund the sales, marketing and advertising departments, etc.

### Goal

Expand market reach and move past the development stage. The business may now be subject to extremely critical analysis; having a solid business model is necessary.





## Series C+

Series C+ has contributions from a variety of investors—PE, VC, investment banks, hedge funds, etc.—who are investing anywhere from US\$100-200 million+ into the business to see a potential of doubling their money.

### Stakeholders



Founder and Co-Founder



Friends and Family



Angel Investors/  
Pre-Seed Funding



Early-Stage  
Investors



VC Firms



Hedge Funds



PE Firms



Investment Bank



Any other institutional  
investors

### Steps

- Plan for the next phase of expansion—into new geographic or vertical markets.
- Implement an infrastructure built to scale with the growth of the business.

### Goal

Grow market share. Oftentimes, investors identify exactly what current market share the company will absorb with the right amount of funding. Many investors will try to get involved at this point because it's likely going to show a large ROI.



## IPO

There are many different directions a company can take once the company has reached this stage. One of them is an IPO—an initial public offering. This is when a private company raises investment capital by offering its stock to the public for the first time.

### Stakeholders



### Steps

- Close the books consistently each month. Have systemic processes.
- Align executive team to support business objectives.

### Goal

Raise money for the company and create a market for the shares owned by management.





## Exit

There are many different ‘exit strategies’ a company can take once the company has reached this stage; going public is the most recognisable exit strategy, but others include an acquisition, merger or divestiture/liquidation. A team needs to define the exit strategy that best suits the business, it’s not always an IPO, and there are many other options to consider.

## Stakeholders



## Steps

- Close the books consistently each month—systemic processes.
- Align executive team to support exit objectives.

## Goal

A successful exit—whether it’s going public, divesting, merging with another company or selling outright. It’s critical to have everything buttoned up during this stage in preparation.

## Sources

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# ORACLE NETSUITE

Australia

Phone: 1800 638 784

[www.netsuite.com.au](http://www.netsuite.com.au)

New Zealand

Phone: +64 9 977 2100

Singapore

Phone: +65 6263 1300

[www.netsuite.com.sg](http://www.netsuite.com.sg)

Hong Kong

Phone: +852 800 901 039

[www.netsuite.com.hk](http://www.netsuite.com.hk)

Japan

Phone: +81 3 6834 4888

[www.netsuite.co.jp](http://www.netsuite.co.jp)

Philippines

Phone: +632 8295 9022

India

Phone: +9180 4029 8789

Phone: +9180 4029 8809

[www.netsuite.com/in](http://www.netsuite.com/in)



[infoAPAC@netsuite.com](mailto:infoAPAC@netsuite.com)

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[business@acldigital.com](mailto:business@acldigital.com) | [www.acldigital.com](http://www.acldigital.com)

USA | UK | France | India

