

The first steps to raising funds as an early stage startup

Between AI, cryptocurrencies, e-health or climate change technologies, there is no shortfall of new ideas to change the world and the overall enthusiasm from the growing community of entrepreneurs keeps giving me hope for the future.

But the grim reality is that raising money for an early stage startup is a very 'Darwinian' selection process.

The latest TechNation [report](#) shows an increase of 17% in UK deep tech investment last year as well as the UK tech startup and scaleup ecosystem being valued at \$585B – 120% more than in 2017.

This is good news and demonstrates the resilience and long-term potential of the UK tech ecosystem despite the toxic mix of COVID and Brexit. But it doesn't get easier for the new players as the total investment in UK seed stage companies has decreased by 18% over the last two years. The inconvenient truth remains the same: less than 1% of startups get VC funding and of those, the failure rate remains around 90%, with 20% of startups failing in the first year, 30% in the second year, and 50% in the fifth year.

Unfortunately, the task gets even more daunting for women. As the same Tech Nation report shows, while 50% of workers in the labour market as a whole are

women, in tech, it's half that at 25%. When it comes to allocating funding, the disparity is even wider; only 32% of VC investment goes to founding teams with at least one woman, and only 3% to all-female teams, compared to 68% invested in companies with all-male founding teams over the last decade.

Let's assume that you have a few energetic, passionate, resilient, skilled, complementary cofounders with the financial ability and social motivation to jump in the unknown and make ton of mistakes – a great problem if they want to solve and a particularly unique, innovative, hard to copy and scalable solution to build. Looks simple!

For the fans of Peter Jones, you can give it a chance with the Dragons on TV. For the others, there are many avenues you can pursue to build this next big thing.

Bootstrapping

When you start out, you'll necessarily do some sort of bootstrapping for a while until you just can't. There are bills and mortgage to pay, family to feed, and dogs to walk.

Friends and family

Probably the first few doors you will knock. Small amount of money but a ton of love with very little prospect of return. You can thank them forever.

Angel investors

Private individuals or networks of small investors who are ready to support. There are over 50,000 of them in the UK thanks to the generous SEIS / EIS scheme. Usually small to medium sized tickets and potentially a few great advisors for your business, for the same price.

Incubators

Participants spend their time at the incubator networking with other entrepreneurs, fleshing out their ideas, determining product-market fit, and creating a business plan. The incubator process usually lasts a few months and focuses on innovation.

Accelerator

Top accelerators are highly selective, accepting less than 2% of applicants into their programs. Typically, the accepted companies have already demonstrated fast growth and a minimum viable product (MVP). They're often given a small seed investment and paired with mentors from the accelerator's vast network. The goal of the accelerator is primarily networking, mentorship and resource

allocation to skyrocket the success of proven business ideas.

Mentorship

The younger sibling to the incubators or accelerator program, solely focused on mentoring. On this end, I am very proud of the latest initiative from “La French Tech London”, who recently launched its first [mentoring program](#) to help a cohort of six south-east UK-based deep tech startup for one year, free of charge.

[Discover French Tech London Mentoring](#)

Crowdfunding

A growing call to the people taking a small equity share in your company. The platform [Seedrs](#) helped 265 companies get funding in 2020 (for a total of £293M). It's really worth a shot, but needs a ton of preparation and marketing effort to make your story stand out.

VC funds

There are over 1,000 of these in London alone. They are your best long-term ally – combining access to a wider amount of funding as well as priceless experience and feedback. Many are called but few chosen, and they are a better fit for later rounds unless you are already a seasoned entrepreneur.

Whatever the path you choose, it's worth a try. If your new startup idea works, you win. If your idea fails, you still win as you get an opportunity to change the world in a meaningful way and have a unique experience you will be able to grow ten times in whatever you do next. Go make this first round...

Xavier Louis is a London-based seasoned entrepreneur, startup adviser and angel investor. He is currently the cofounder and CEO of [SharpTx](#), a Digital Therapeutics startup for early detection and prevention of dementia. Xavier is one of the “La French Tech London” deep tech co-leader alongside Pierre-Frederic Jaffre (Microsoft).

La French Tech London Mentoring Program

Early stage startup founders can benefit from monthly mentoring sessions for 1

year, entirely for FREE.

The cohort and mentor selection closes by April 30th.

The program will kick-off in June 2021.

We are launching a unique program designed to help grow the best DeepTech start-ups in London and South East UK.

6 mentors will be matched with 6 promising early-stage start-ups to help them tackle their most pressing challenges and guide them.

In addition, we will organise meet-ups and office hours with experts to enable the cohort to get the most from our London community.

Alongside promoting diversity, our primary focus for 2021 will be on the following sectors:

1. DEEP TECH: AI, Robotics, Cybersecurity, VR/AR and Quantum
2. HEALTH: MedTech, Bio Tech
3. GAMING
4. GREENTECH: Energy, Sustainability

Discover French Tech London Mentoring

Article by XAVIER LOUIS