# Root Capital

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*Funding for start-up businesses with potential*

# Root Capital

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# *Starting a company*

Venture Capital Definition Oxford: 1. capital invested in a project in which there is a substantial element of risk, typically a new or expanding business.

Today, many entities which started as mere ideas and dreams have become a reality.

Often times, people aspire to create something of value that they may call their own, where they carve their worth into a tangible proof of their hard work and determination.

But with lack of resources, it can be impossible for these hopes to be sculpted into reality.

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# *The Solution*

Luckily, venture capital funds are a powerful means to provide entrepreneurs with money and other resources, such as business expertise.

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For start-up companies which do not have access to capital markets, venture capital can often be the most important means of backing for their new business.

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# What is it?
# Why Invest?

Venture capital is a type of private equity, which is high-risk and hopefully high-reward for investors. Here, the payout potential can be much greater than for investing in established and successful companies.

With this risk associated with investing in new companies, venture capitalists in return usually have a large amount of control in company made decisions. Naturally, a sizable chunk of the company's ownership also is given to these investors.

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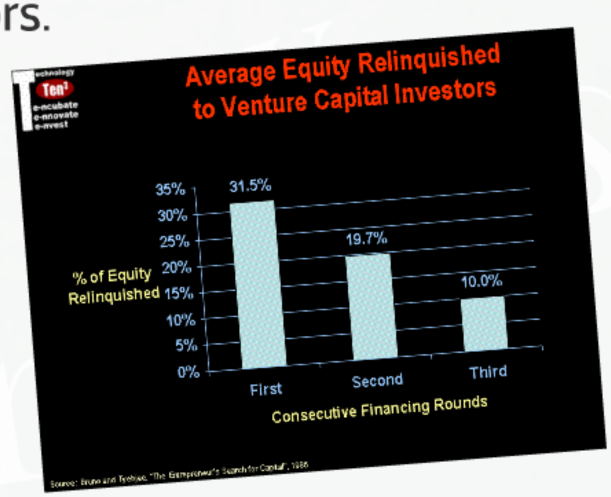

# *Where do you get it from?*

Venture Capital funds can be obtained from sources such as the TSX Venture Exchange or venture capital firms.

Otherwise, networking and crowd funding can be of use, where LinkedIn provides many networks for firms seeking VC funding or wanting to learn about companies that may provide it.

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# Venture Capital Financing Process
## (Key stages)

1. "The seed stage"

Considered the set up stage, an **angel investor** or investor in a venture capital firm is asked for funding for their idea. The person or venture looking for funds must convince investors that their idea is worthwhile.

Afterward, investors must conduct a feasibility study where the decision to invest time and money into the project is made.

At this stage, the risk of investors losing their financing is considered greatest, where the rate of losing the investment is around 62%.

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## 2. Start-up stage

Here, a business plan is presented to the venture capital firm, and a management team is formed which will run the venture. If a board of directors exists, someone from the VC firm will take seats.

Finally, as the organization sets up, the idea gets its form, and market research is conducted. Sometimes, customers are already attracted for initial sale.

## 3. "Second stage"

Here, a product or service is being sold, where the 1st encounter with the market, including competitors, is made.

If the venture proves their worth, investors may make the decision to go into the next stage. Otherwise, if performance is poor, this stage may be gone through again or funding may be cut.


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## 3rd Stage

Seen as the expansion or maturity phase of the last stage, the venture attempts to expand market share gained previously. More products/services may begin to be developed here, where investors continue to analyze the progress of the venture and evaluate how the venture is doing in comparison to competition.

## Bridge/Pre-public Stage

Generally, for the last stage of the financing process, the main goal is to go public and for investors to exit with a profit which  compensates them for the risk they took.

A merger may also commence, where the venture can combine with a rival to improve their competitive position.

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