

Venture Capital Funding Search Whitepaper Series

How To Use A Venture Capital Database

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Introduction

The purpose of this VentureDeal Whitepaper is to help entrepreneurs get the most out of venture capital databases when locating potential investors for their technology idea or company.

There are misconceptions, especially among first-time entrepreneurs, about how best to utilize a venture capital database. Some think that it is enough to simply get a list of potential investment firms - let's call them venture investors - in order to send out an e-mail blast of their business plan or executive summary, and hope for the best.

Since "hope is not a strategy", simply sending out an e-mail blast doesn't work and is usually a complete waste of time. The reason is that each partner at a venture firm may receive literally hundreds of e-mails per day. The chance that somehow your e-mail will stand out is extremely low, no matter how great an idea or company you have.

The best way to use a database, and for purposes of this whitepaper I will refer to the [VentureDeal](#) database, is to research and find individual VC partners for their investment history and determine which partners are most active in your industry and thus are most receptive to your opportunity. Also, in the event that they choose not to invest in your company, VCs with specific industry experience will typically be the most helpful in terms of feedback to you.

Using the VentureDeal database, there are two ways to find relevant investors for your company, searching for Venture Investors and searching for Transactions.

I. Searching for Venture Investors

The most common way that entrepreneurs searching for investment use the VentureDeal database is to enter criteria for the system to return results in the form of a list of potential venture investors.

The available criteria are to search by geographical area such as region of the United States, city, state and zip code. Users can also search by choosing among 50 technology Industries and by Keywords that match to the venture investor firm description. Additional criteria are Investor Type, such as venture capital, corporate, angel group, venture lender and others. Lastly, users can search by the Investment Stage that investors prefer, as well as by funding range.

The purpose of these options is to allow users to target their search to whatever degree they wish. Usually the best strategy is to start by using the fewest criteria, in order to provide an initially large universe of contacts, and browsing through these to determine their relevance to your needs. Later, you may wish to use additional criteria in order to filter out from the universe investors that do not match your needs.

Once inside a Venture Investor record, you will be presented with a variety of information that may be relevant to your particular funding search. One of the key items is "Transaction History." This link allows you to view the entire transaction history for a particular venture capital firm. One tactic for determining which individual partners you should attempt to contact is to click on this link and scroll through the transaction history of the venture capital firm.

By viewing transactions by individual firm, you will learn which individual VCs invest in companies that are specific to your industry. Since VentureDeal tracks individual VC partners and board members for transactions, you can click on their name in the transaction and view all the transactions for that individual VC partner. In doing so, you will begin to develop your list of individual VC partners to contact for your investment opportunity.

II. Searching For Transactions

Another way to find out how individual VCs invest is to search the database by Transactions. This method allows users to search for specific funding rounds, for example series A, and for specific date ranges, and investor types.

By searching for transactions, you can also utilize keywords to find companies that have been funded that are similar to those in your industry and particular sub-sector or space. For example, your company may be an advertising network in the Internet industry. By searching with these criteria, you can learn quickly which individual VCs are funding companies in your industry space.

Once you obtain a list of transactions, you can quickly scroll through them to determine which individual venture capitalists you should be contacting. The advantage of this manner of searching is that it allows you to enter relevant keywords to more tightly focus your search on companies similar to yours. Another advantage is that it allows you to see which VCs you would not want to contact by virtue of the fact that they have already invested in a company that is similar or perhaps even a direct competitor to yours.

III. Downloading Information

One of the advantages in crafting an efficient funding search process is that VentureDeal allows subscribers to download the records of their choice, whether it is Venture Investors, Transactions or other information. The funding search process for a typical startup can take up enormous amounts of time, so it is very important that entrepreneurs start and remain organized throughout the process.

The ability to download records into an Excel spreadsheet or contact management software allows entrepreneurs the ability to not only contact many VCs efficiently, but to also keep track of the process and status for each individual VC, so that opportunities aren't missed.

VentureDeal allows users to download records in three widely used formats: comma separated value (CSV) for use in spreadsheets and import into contact management software, PDF for Adobe Reader format and vCard for direct import into Microsoft Outlook.

Venture capitalists want to see entrepreneurs that are organized and on top of the communication process with them. It is part of their analysis of your ability to stay organized in a complicated, entrepreneurial environment that your startup will compete in. So it is helpful for you to adopt an organized approach from the beginning.

IV. Conclusion

The key points for best utilizing a database for funding search is its ability to quickly and efficiently provide you with searchable information about individual venture capitalists. It does an entrepreneur little good to simply obtain list of VC firms to send canned information to.

Finding the right individual venture capitalists, doing some research on why they are relevant to you and the space that your company will operate in and having some understanding of their past investment history will go a long way toward making your investment opportunity stand out from the crowd.

Notes

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