

Season 1



As a Virtual CFO consulting company, we are dedicated to assisting startups in Egypt. We understand the importance of effective pitching in securing investment and driving business growth. Our blog series is where we delve into the thrilling world of startup pitching through an in-depth analysis of **Shark Tank Egypt!**

Shark Tank, has become a symbol of entrepreneurial pursuit and investment opportunities. The program has provided a platform for aspiring entrepreneurs to showcase their innovative ideas and business ventures to a panel of investors. This blog series aims to dissect and analyze the pitches made by the 43 startups that participated in the first season, shedding light on their valuations, investment ask, and funding outcomes.

43

Project

25

Got Offers

21

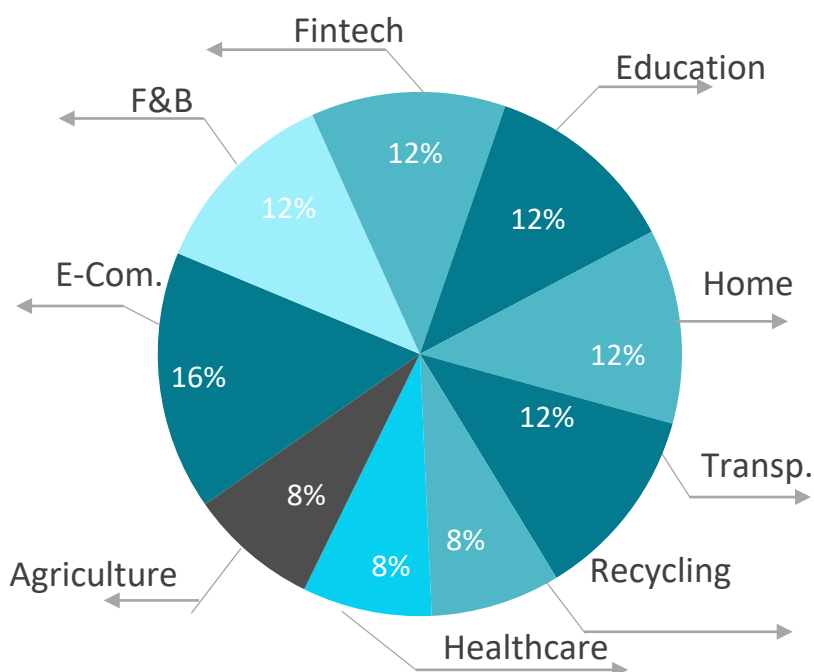
Funded

Of the 43 startups who pitched their projects in Season 1, 25, representing 58%, received investment offers from the sharks. Among those 25 startups, 21 accepted the offers, which accounts for 49% of the total startups. Four startups, however, decided to decline the investment offers.

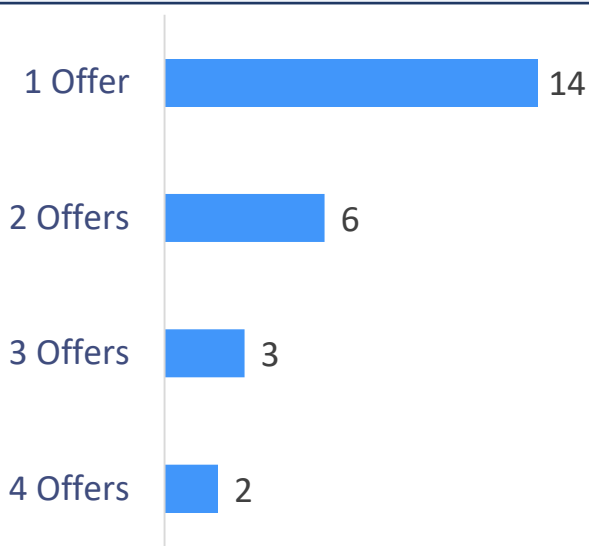


OFFERS RECEIVED ACROSS DIFFERENT SECTORS

Sector	Got Offers
E-Commerce	4
Food & Beverage	3
Fintech	3
Education	3
Home Accessories	3
Transportation	3
Agriculture	2
Healthcare	2
Recycling	2
Total	25



RECEIVED OFFERS



Out of the 25 startups that received investment offers, 14 of them, representing 56% of the total startups, received a single offer from one of the sharks. Six startups were fortunate to receive offers from two different sharks, while three startups received offers from three different sharks. Two exceptional startups were presented with a remarkable four investment offers from the sharks.



CASH ASK VS. CASH OFFERED

106 M

Cash Asked

110 M

Cash offered

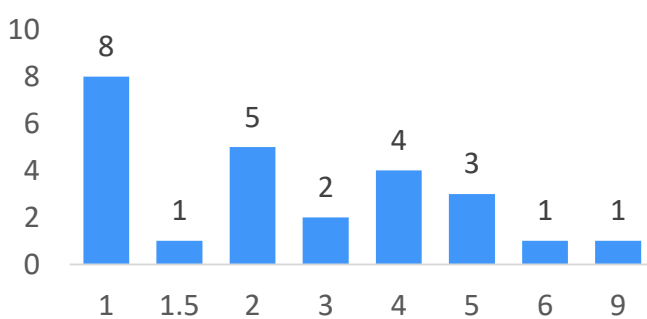
Through our analysis of the 25 startups that received offers, we discovered that the total cash amount requested by the founders was EGP 106 million. Interestingly, the total cash offered by the sharks surpassed this amount, reaching a total of EGP 110 million. This indicates that the sharks did not reduce the cash ask from the founders; instead, they offered more capital than what the founders had initially requested.

There could be several reasons why the sharks chose to offer the requested cash or even more without negotiation:

- ✔ **Demonstrating Support:** By offering the full cash amount or more, the sharks aim to demonstrate their support for the founders' business plans and objectives. It signals their confidence in the startup's potential and their willingness to provide the necessary financial resources to help the founders achieve their goals.
- ✔ **Building a Positive Relationship:** Offering the full cash amount without negotiation can help build a positive relationship between the sharks and the founders. It fosters trust, transparency, and a sense of partnership, which are vital for long-term collaboration and support.
- ✔ While the sharks may not negotiate on the cash ask, it's important to note that other aspects of the investment deal, such as equity allocation, and board representation, may still be subject to negotiation.



THE EQUITY REQUESTED VS. THE EQUITY OFFERED.



900M

Founders valuation



300 M

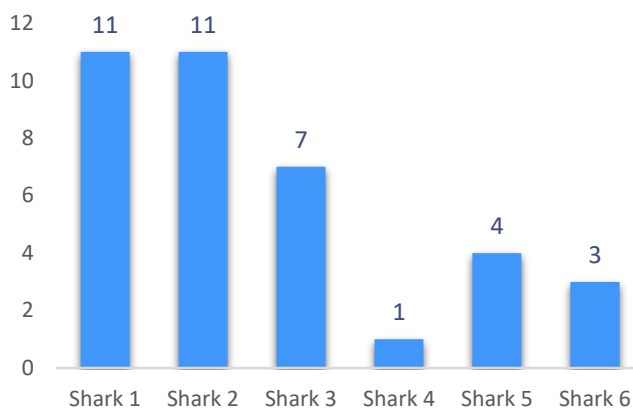
Sharks Valuation

- ✔ Through our analysis, we observed the equity percentages that founders initially requested and the equity offers they ultimately received from the sharks. Among the startups, 8 of them were presented with investment offers that matched the exact percentage of equity they had asked for.
- ✔ However, for the majority of startups, there was a significant difference between their requested equity and the equity offered by the sharks. Most of these startups valued their businesses at higher levels, while the sharks provided comparatively lower valuations. The equity offers ranged from 1.5 times to 9 times more than what the startups had initially anticipated.
- ✔ In terms of overall valuation, we found that the total founder valuation for these 25 projects was EGP 900 M, whereas the shark valuation amounted to only 300 M. This indicates a considerable disparity in valuation perspectives between the founders and the sharks.
- ✔ It's important to note that valuation is subjective and influenced by various factors, including market conditions, growth potential, competitive landscape, and negotiation dynamics. The sharks may have a more conservative valuation approach, considering factors such as risk and return on investment.

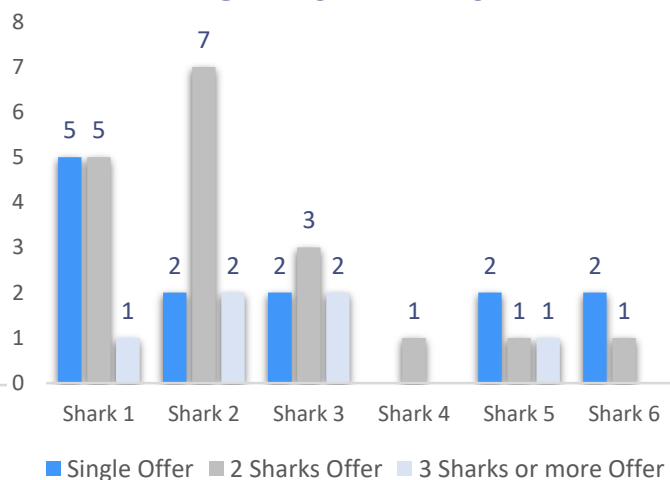


SHARKS ANALYSIS

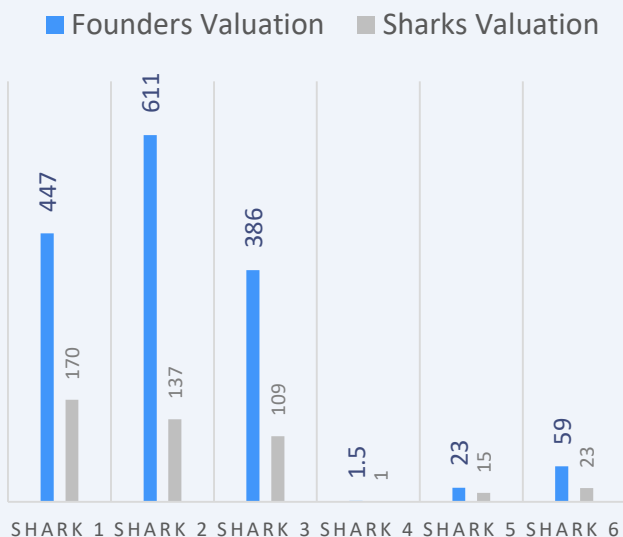
TOTAL OFFERS BY SHARKS



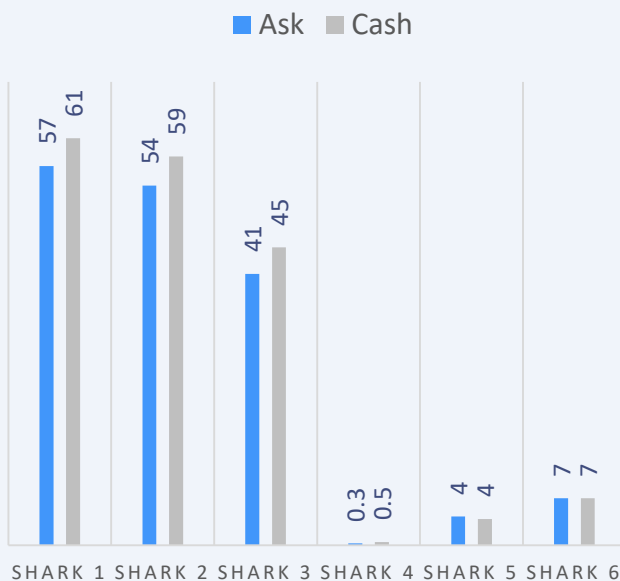
OFFERS TYPE BY SHARK



FOUNDERS VALUATION VS SHARKS VALUATION



ASK VS CASH





18 PROJECTS DID NOT RECEIVE ANY OFFERS

Based on the comments provided by the sharks, there are several reasons why the 18 projects did not receive any offers

- ✔ **Lack of Clarity in Business Model:** The sharks noted that the business models of these projects were not clear in terms of how they generate revenue or sustain profitability. A well-defined and viable business model is crucial for investors to understand how the company plans to monetize its product or service.
- ✔ **Lack of Preparation in Business Planning:** The sharks commented that the projects were not well-prepared in terms of presenting an accurate and feasible business plan. Investors look for startups that have thoroughly researched and planned their business strategies, including market analysis, financial projections, and growth plans. Insufficient preparation in these areas could have deterred potential investors.
- ✔ **Overvaluation:** The sharks noted that some of the projects had excessively high valuations without a strong basis for calculation. Unrealistic or inflated valuations can be a red flag for investors, as they need to see a reasonable and justifiable valuation that aligns with the startup's current stage, market potential, and financial projections.
- ✔ **Unclear Idea or Value Proposition:** The sharks found that the ideas behind these projects were not articulated or lacked a unique selling proposition. A strong and compelling idea, coupled with a clear value proposition, is essential for attracting investor interest and differentiating from competitors.



7 GIFTS AND BUSINESS OFFERS

-
- ✔ An agricultural project, which was rejected by all sharks, received a generous gift of 1 million EGP from the Ministry of Communications and Technology to support their endeavors.
 - ✔ Despite being rejected by the five sharks, an educational platform received a gift of 1 million EGP from Madinat Masr Institution. The gift was allocated as 500,000 EGP for marketing purposes and 500,000 EGP for tutoring.
 - ✔ The renewable energy project received a "golden ticket" from the Ministry of Communications and Technology as a form of recognition and support.
 - ✔ Another educational platform, received a prestigious "golden ticket" from the IFC institution, further validating their venture.
 - ✔ In a noteworthy turn of events, another educational project received a "golden ticket" from Vodafone after initially accepting an offer from the sharks.
 - ✔ Additionally, this same educational project impressed the sharks with their idea, leading to two business offers. The first offer involved a substantial order worth 2.5 million EGP to supply Mac Happy Meals. The second offer with Madinat Masr.
-



Prepared by: Ahmed Saied
Financial Analyst
Advisory Services Department

VCFO Consulting

Park St. Mall, 17 El Bostan St., Sheikh Zayed City,
6th of October, Building 2A, Office 2207
Giza, Egypt

info@vcfoconsulting.com
www.vcfoconsulting.com

Allows you to see the big picture