

## Global Immersion Program: Foundations of VC in Japan

### Learning Objectives & Course Description

1. To understand and experience the process of investing in early-stage startups and how that differs between the US and Japan
  - a. Sourcing deals from the startup ecosystem
  - b. Conducting diligence
  - c. Valuing startups
  - d. Negotiating term sheets (financial and governance terms)
  - e. Managing a portfolio post investment
2. To understand the investing landscape: players and resources
3. To understand the structural differences between venture capital and angel investing

### Schedule

- This course will meet Spring 2024 in the A term on Tuesday afternoons from 2:20-3:50pm
- The class will travel to Tokyo, Japan March 9-16,
  - There will be speaker presentations Monday through Friday mornings and afternoon as well as several evening events
  - There will be optional sightseeing on Sunday, Mar 10; the first mandatory activity is a welcome dinner that evening
  - Students are expected to arrive in Tokyo no later than Sunday afternoon Mar 10 and depart no earlier than Saturday morning Mar 16. Students may check into the hotel Saturday, March 9 and check out Saturday March 16.
  - All events will be in Tokyo
- There will be a wrap up & reflection session on Friday Mar 29 from 9:00-10:30am

### Intended Audience

- Aspiring VC or angel investors who want to understand how investors evaluate startups
- Aspiring VCs who are interested in cross-border VC investing
- Founders who want to understand how seed investors evaluate startups
- Co-Requisite: Capital Markets
- **If you have previously taken Foundations of VC, you cannot take this course. This course will serve as a prerequisite to any course that Foundations of VC is a prerequisite for.**

	<b>Session overview:</b> In each session, we will cover how each of the topics below is different between the US and Japan	<b>Individual Assignments</b>
<b>1</b>	<b>Startup Ecosystem:</b> <ul style="list-style-type: none"><li>• Overview of the VC and startup ecosystem</li><li>• Difference between VCs and angel investors</li><li>• Value of accelerators</li><li>• How the stages are defined (seed, series A, B...)</li><li>• Other players: service providers, corporations...</li></ul>	<b>Pre-class survey</b>  Two assigned readings <ul style="list-style-type: none"><li>• Submit written summaries</li><li>• Be prepared to share in class</li></ul>
<b>2</b>	<b>Due Diligence:</b> <ul style="list-style-type: none"><li>• Components of diligence and founder red flags</li><li>• How to size a market: TAM, SAM, SOM</li><li>• What metrics to look for when evaluating progress</li></ul>	Two assigned readings <ul style="list-style-type: none"><li>• Submit written summaries</li><li>• Be prepared to share in class</li></ul>
<b>3</b>	<b>Term Sheets:</b> <ul style="list-style-type: none"><li>• Financial (economic) &amp; governance (control) terms</li><li>• Priced equity vs. convertible notes vs. SAFEs</li><li>• Liquidation preferences</li></ul>	<b>Startup Evaluation</b>  Two assigned readings <ul style="list-style-type: none"><li>• Submit written summaries</li><li>• Be prepared to share in class</li></ul>

<b>4</b>	<b>Valuation &amp; Venture Math:</b> <ul style="list-style-type: none"> <li>Startup valuation using scorecard, risk factor summation, VC, dilution, and market-based methods</li> <li>Calculating dilution in each round of investment</li> <li>Deep dive on cap tables / share price / exit payouts</li> </ul>	<b>Concept Check</b> <p>Two assigned readings</p> <ul style="list-style-type: none"> <li>Submit written summaries</li> <li>Be prepared to share in class</li> </ul>
<b>5</b>	<b>Portfolio Strategy &amp; Investment Thesis</b> <ul style="list-style-type: none"> <li>Investors' roles post investment</li> <li>Board composition and compensation</li> <li>Different investing avenues (funds, equity crowdfunding)</li> <li>Developing an investment thesis</li> </ul>	Two assigned readings <ul style="list-style-type: none"> <li>Submit written summaries</li> <li>Be prepared to share in class</li> </ul>
<b>6</b>	<b>Pre-Trip preparation</b>	<b>Venture Math Exercise</b>
	<b>Week in Tokyo (March 10-16)</b>	
<b>7</b>	<b>Post-Trip wrap-up (March 29 9:00-10:30am)</b>	<b>Final group project</b>

### Grading

#### **40%: Class participation**

- If you are not present for Day 1 in person, you may not be allowed to add the course. If you are enrolled and you do not attend Day 1 in person, you may be dropped from the course.
- If you add the course at the last minute, you are expected to complete the pre-work
- Given that class attendance is central to the learning, missing any subsequent sessions (unexcused) will lower your grade.
- Please be on time and present for the entire class and all company visits. Device usage (phones, laptops) will take away from your participation grade (when not used for learning as directed by the instructor)
- Students are expected to actively participate in discussions, pulling in insights from readings
- When guests are in the room and peers are presenting, be respectful. Listen, be engaged, and be prepared to ask thoughtful questions and provide feedback when appropriate.

#### **30%: Individual Assignments** (see above)

#### **30%: Group projects**

- A group of students will be asked to give an overview of each speaker we are visiting so everyone has the context needed. These students are also responsible for preparing questions.
- Final project: Each group will be asked to write a final paper that answers these questions: How is the startup investing landscape different in Japan from [country]? What advice do you have for investors or founders who want to invest or fundraise in Japan?

### **List of potential speakers**

<b>Company</b>	<b>Topics</b>
UTEC – University of Tokyo Edge Capital	VC Landscape in Japan
WiL – World Innovation Lab	Working with JVs in Japan
Woven Capital (Toyota Corporate VC)	Corporate VC in Japan
Morgan Stanley	The IPO Market in Japan
Archetype	Investing in B2B and Cloud Software
Plug & Play	Accelerators in Japan
World Bank	Cross Border Investing
Government of Japan	Overview of Japanese startup ecosystem
Globis Capital	VC Landscape in Japan
Rapyuta Robotics	Fundraising from VCs and CVCs in Japan
Techtouch	Fundraising from VCs and CVCs in Japan