Changing the face of entrepreneurship

By investing in 1,000 diverse founders over 20 years

Harlem Capital

Our Core Values

Over Communicate

Process is Religion

Data Drives Decisions

Long-term Vision

Reputation is Everything

Dream Bigger

Enjoy the Journey

We Are a Passionate, Well-rounded Team of Professionals

Our expertise spans across private equity, product development, media, sustainability, and entrepreneurship

Henri Pierre-Jacques
MANAGING PARTNER

MBA, Harvard Business School
Private Equity, ICV
Investment Banking, BAML

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Bowdoin
Forbes 30 UNDER 30
Inc. RISING STARS 2019
BARCLAYS
General Mills
RBC
ICV PARTNERS
Bank of America Merrill Lynch
WALL STREET paper
Microsoft
CNBC
yahoo! finance

Firm Highlights

FUND II

$134MM	Seed	$1.0MM-$2.5MM	70/30	10-15%
Fund Size	Stage	Initial Check Size	Industry	Ownership
40-45 deals over 3 years of initial investing. Manage $174mm AUM	Pre-Seed: Lead Seed: Lead / Co-invest Series A: Follow-on	Reserving 45% of capital for follow-ons	Agnostic with 70% enterprise and 30% consumer tech	Target valuations of $7.5M to $20M

Partner Tenure Together

Henri — Northwestern University — MLT — SEO — Bank of America Merrill Lynch — ICV Partners — Harvard Business School

Jarrid — Wharton University of Pennsylvania — MLT — SEO — Barclays — ICV Partners — Harvard Business School

Brandon — Ohio State — MLT — SEO — Bank of America Merrill Lynch — Wall Street paper

Gabby — Washington University in St. Louis — General Mills — Yale School of Management

2013 2015 2017 2018 2019

Portfolio By Industry (Fund I & II)

Harlem Capital exists to back the best diverse founders solving massive problems. We remain flexible in order to accomplish our mission, but continue to develop focus areas that will evolve over time.

Enterprise Software

GovPredict, 4Degrees, assemble, Moving Analytics, Dexai Robotics, jobble, Compt, Cabinet, OKO, Merri, SilkChart, AllieHealth

E-commerce

Cashdrop, Pangaea, malomo, ParrotMob, gander, Sauce, Groupshop, chatdesk, drip, repeat, because, singuli, The House of LR&C

FinTech

Staax, ugami, wagmo, Toolbox, UMI, Poolit, curu, portabl

Marketplaces

workchew, pariti, flow, Turbodega, stuf

AI

Fintary, Docdraft, Superstorm, Trustible.AI

Web3

Mueshi, glowlabs.eth, Atomize, Primitives

Consumer

PreShow, Agapé, wellory, Expectful, Humming Homes, shine

$1.0-3.0M Checks in $2.0-5.0M Rounds for 10%+ Ownership

The Harlem Capital platform is strengthened by our flywheel

Our diverse team is the flywheel's foundation, and our mission is its center

Community
- Founder Slack & Summit
- 1% Culture Carry
- Interns (99)
- Social media (600k+)
- Newsletter (5k+)

Sourcing
- 3.5k+ Deals/year
- Strong VC network
- Inbounds (60%)

Harlem Capital

Changing the Face of Entrepreneurship

Value Add
- Fundraising
- Financial analysis
- Media (DMC)
- Partnerships
- Operator Network
- Founder Dashboard

Picking / Winning
- Robust memos
- <2 weeks to decision
- $1M - $2.5M check

Team

How We Create Value

Fundraising

- Led rounds in 42 out of 54 portcos
- Strong network of VCs and HNWs
- Building robust investor syndicates

Financial Analysis

- Projections
- Cap Table / Follow-on Analysis
- M&A / Exit Analysis
- Cash Flow / Working Capital Analysis
- Customer / Cohort Trends
- Unit Economics

Marketing / Media

- $3.0mm of free marketing through
- Using HCP's 500K+ Social Media Reach
- Sales & Marketing Strategy
- Media Placements
- Press Releases

Community / Network

- Advisor Network (Fractional CRO)
- Customer Introductions
- Culture Carry (1% to our founders)
- Industry Talks & Peer Groups
- Founder Summit
- Partnerships

Startup Journey

The VC Fundraising & Scale RoadMap

"There's no one-size-fits-all advice: Your growth strategy should fit where you are in the moment. At each stage, you should be focused on different targets, according to your customers, your resources and the data you've collected."

PHASE I: PMF

Seed – Series A
Rev: <$2M

Focus: Earning critical first users as you iterate toward PMF.

Goal: Get to the point where you're feeling pull into the market from your initial target users.

Potential pitfall: Focusing too much on growth before you have PMF and sufficient data.

When to move on: You have high retention and engagement & growing organically

PHASE II: SCALING

Series B – C
Rev: $7-40M

Focus: Building the foundation of your business model, as well as your data and analytics.

Goals: Develop a growth model and growth loops, instill a growth mindset across the company.

Potential pitfalls: Not deeply knowing why you're growing, dividing into functional silos.

When to move on: When you've identified 1+ profitable growth loops

PHASE III: BIGGER BETS

Series D+
Rev: $50M+

Focus: Scaling, challenging yourself to stretch beyond optimization.

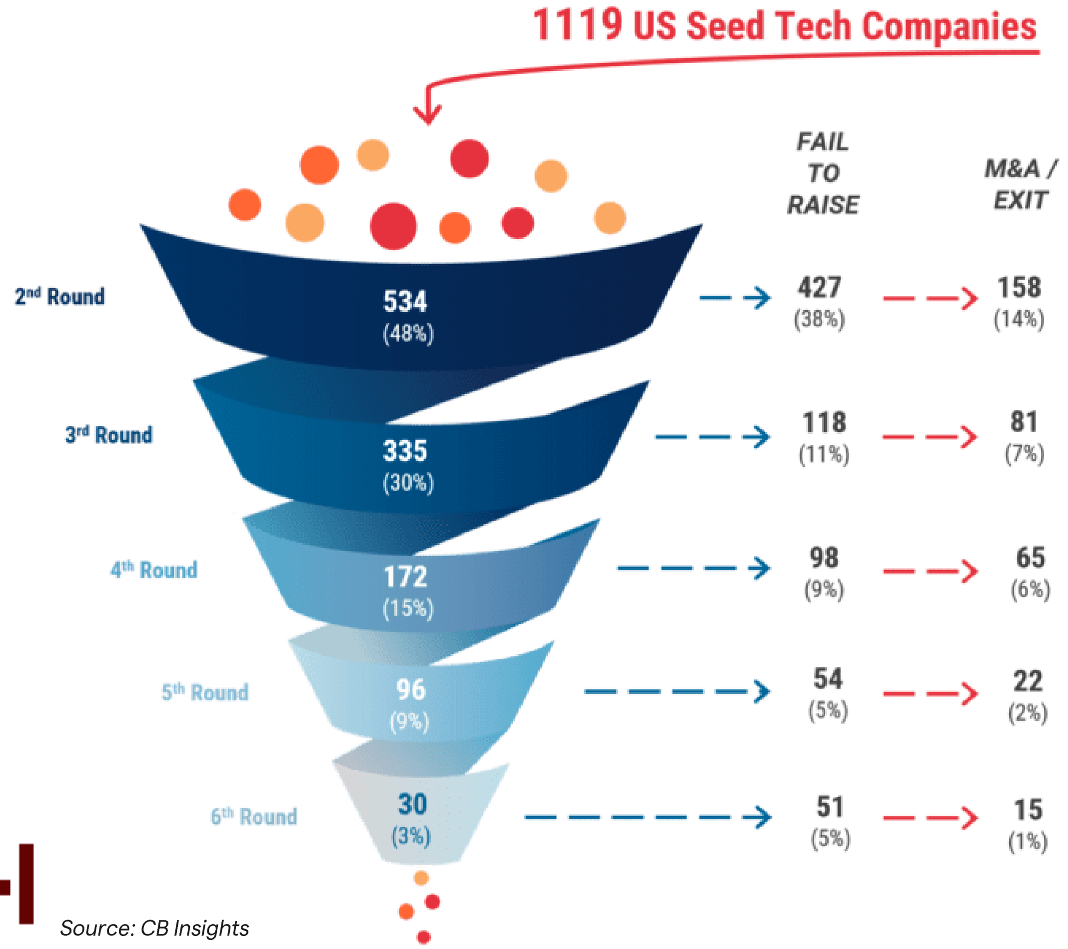
Goal: Take bigger risks and reap greater rewards.

Potential pitfalls: Underestimating the work it takes to make a big leap.

Path to Exit / Liquidity Event

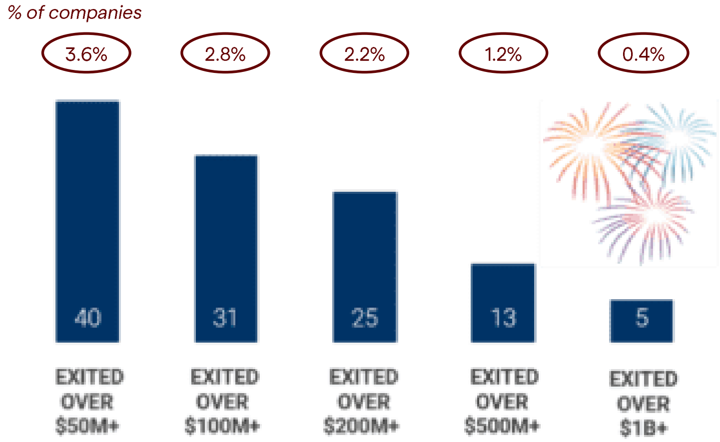
VCs make investment decisions based on the exit potential of a startup. If you're taking VC money, you should be aware of exit options & what you need to do to have a successful liquidity event. This should drive your decisions at every stage.

Illustrative Startup Funnel Seed to Exit



Source: CB Insights

Illustrative Exit Values for 1,119 US Seed Tech Companies



Types of Exits

Merger or Acquisition

- More frequent
- Lower exit value usually
- Less scale required
- Happens at any stage

Initial Public Offering

- Less frequent
- Higher exit value (>$1bn)
- Large scale required
- Happens Series C+ usually

In both cases, valuation is determined by a multiple on revenue or EBITDA, which is typically determined by industry & business model

Revenue Milestones to Reach $100mm ARR

Setting & tracking key KPIs is key to building & scaling a great business. Benchmarking yourself against industry standards is important for fundraising as well.

1

ARR (or CARR) is the North Star

Work towards high growth rates. Strong net and gross retention can drive growth endurance.

2

Win by Wide Margins

Optimize for high gross margins and try to create operating leverage over time, driving towards profitability.

3

Know Your Worth

Seek financing knowing the multiple you deserve and use round size and dilution as structuring levers.

4

The TL;DR – Plot Your Way to the Next Milestone

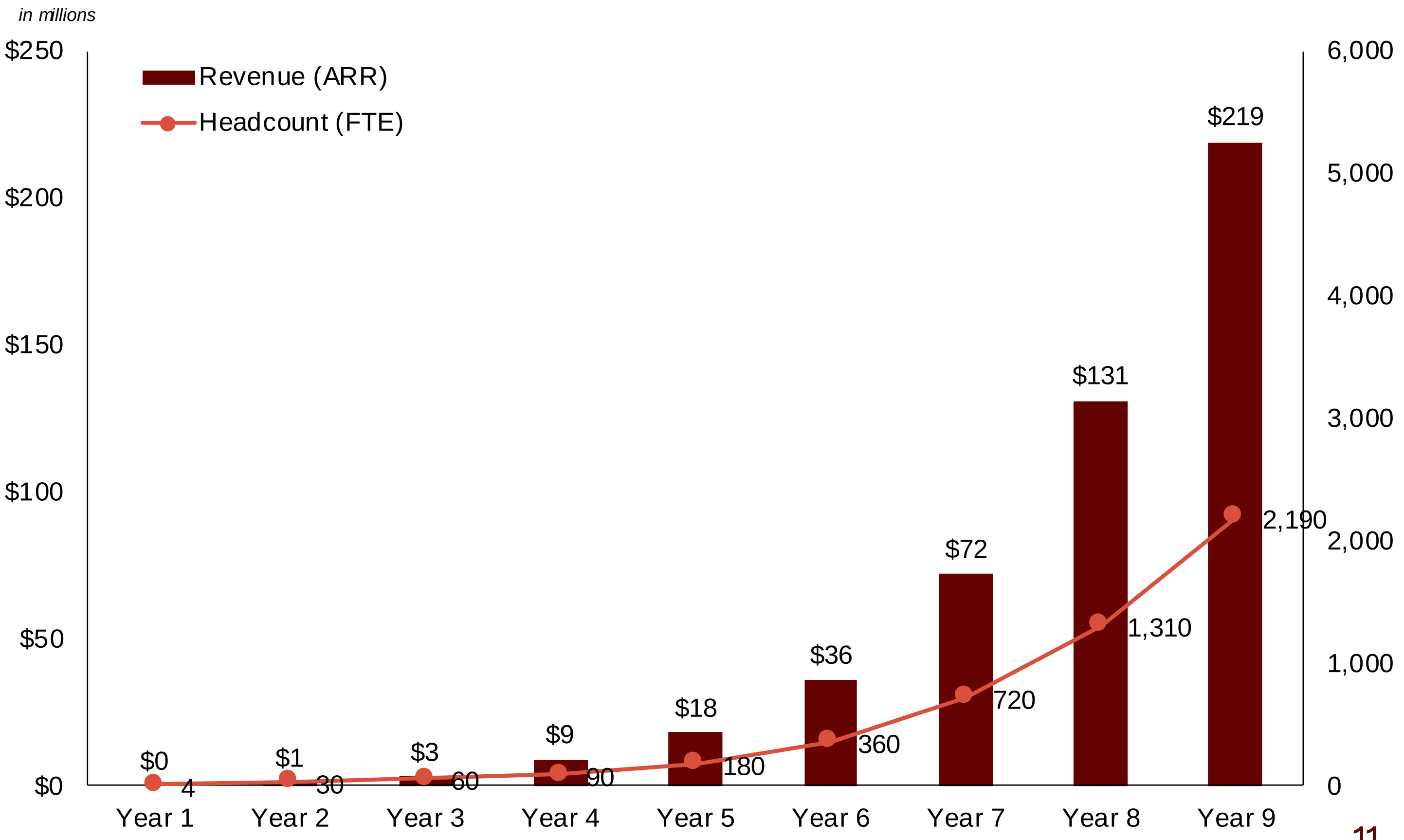
Understand what is ahead and always be working towards the next milestone.

5

(Bonus) Run the "Public Playbook"

Eye the public markets at $100MM+ of revenue and when you have sight to profitability.

Roadmap to SaaS IPO – 9 Years



Portfolio Lessons

Tracking Metrics – Creating Your Dashboard

'Data drives decisions' is a core value for Harlem Capital and we have seen our best performing founders consistently utilize and track data. We highly recommend founders have a one pager of their top 5 P&L and KPIs. This is helpful to give your internal teams a 'north star' and useful for conversations with existing or potential investors

Benefits of a Dashboard

- Assessing if you are on track for the next round
- A comparison to the market, your performance is relative
- VCs and your team focus on the right metrics that matter
- Reveal underlying business, product market fit, or runway challenges by tracking trends vs. sharing data at a point n time. Often runway issues arise by not hitting the right metrics for the next round in time

Harlem Capital's Dashboard Template

- This dashboard was created for enterprise SaaS companies but you can adjust metrics to your market
- Quarterly is used for enterprise but monthly better for consumer
  - The targets are for Series A, but adjust for your next round
- The blue numbers are hard coded but can be pulled in from other sheets as you should have these numbers already in your model
  - The black numbers will automatically update

Harlem Capital Dashboard	2023				2024				Series A Targets	
P&L	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	Good	Great
ARR	$625,000	$775,000	$925,000	$1,075,000	$1,375,000	$1,675,000	$1,975,000	$2,275,000	$1,000,000	$2,000,000
ARR Growth	*2.50x*	*2.38x*	*2.31x*	*2.26x*	*2.20x*	*2.16x*	*2.14x*	*2.12x*	*2.00x*	*3.00x*
Gross Margin	78%	80%	82%	84%	86%	88%	90%	92%	70%	90%
Burn (quarterly)	$320,000	$325,000	$330,000	$335,000	$340,000	$345,000	$350,000	$355,000		
Cash	$2,281,250	$1,968,750	$1,651,250	$1,328,750	$1,013,750	$693,750	$368,750	$38,750		
Burn Multiple	*2.13x*	*2.17x*	*2.20x*	*2.23x*	*1.13x*	*1.15x*	*1.17x*	*1.18x*	*2.00x*	*1.00x*
Runway (months)	21.4	18.2	15.0	11.9	8.9	6.0	3.2	0.3		
KPIs										
ACV	$35,000	$37,500	$40,000	$42,500	$45,000	$47,500	$50,000	$52,500		
Revenue Retention	118%	120%	122%	124%	126%	128%	130%	132%	110%	130%
User Retention	82%	83%	83%	84%	84%	85%	85%	86%	80%	90%
CAC Payback (months)	14.0	13.5	13.0	12.5	12.0	11.5	11.0	10.5	18.0	12.0

Download the Dashboard HERE

Lessons from HCP Portfolio Companies

We wanted to share a few lessons from other HCP portfolio companies to help you avoid challenges and take advantage of opportunities

Stay lean and resourceful

- At the pre-seed and seed stage, founder and team focus should be on finding product market fit.
- Resist over hiring and focus on allocating funds strategically towards finding PMF
- Remember: Managing capital well helps you own your destiny

Caution on Sales and Growth Hires

- We strongly recommend NOT hiring Sales and Growth professionals BEFORE finding PMF.
- Sales at the pre-seed and seed stage are best when founder led.
- It's hard to sell and grow a product when PMF isn't found

Try to Pre-empt Your Series A

- Conduct previews with later stage investors to learn what metrics mattered most
- Set a clear goal post for which metrics you'll achieve by a certain date and share with investors if you'
- Outperform those metrics earlier than expected and share that information with investors, leading to pre-empted offers

Set and Track KPIs

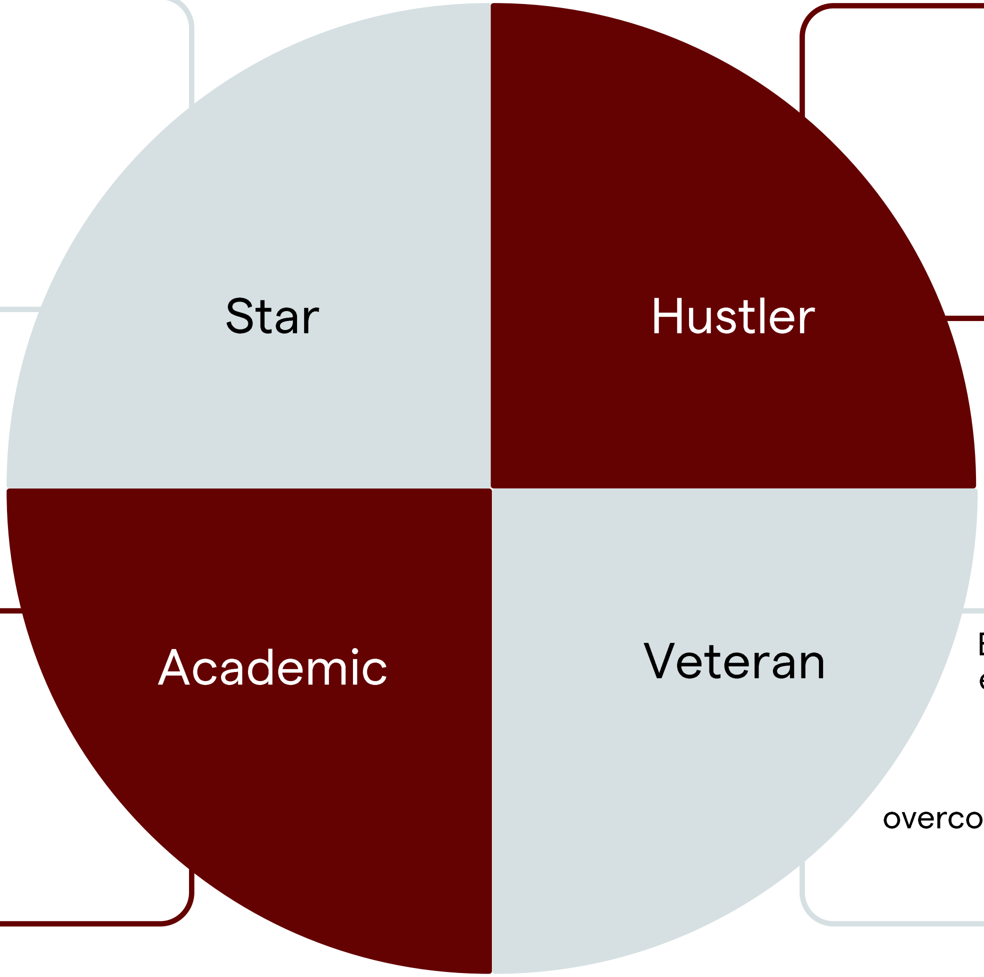
- Our best performing companies intimately understand their data and performance
- It's difficult hit your goals when they aren't tracked
- Determine the top 1-3 KPIs for you and your team to focus on in the first 12 months after the fundraise. Measure these each month
- Here's a helpful resource: Setting Goals and KPIs

Founder Archetypes

Harlem Capital's founders tend to fit one of four archetypes. Which one do you fit in? We believe each type of founder can succeed, but it's about knowing your key strengths and building a team to solve for your weak spots

Classically exceptional during their education and career, though may not have startup experience.

Aggressive, focused, and ambitious. May be stubborn and have blind spots



Cerebral, thorough, and hard-working, but may not be focused on right commercial things. Can struggle with analysis-paralysis

Experienced operator or entrepreneur. Uses their background to inform company strategy and execution. Can be overconfident and not focused on continual learning

Appendix

Enterprise SaaS Benchmarks – Series A

Enterprise SaaS businesses should target a YoY ARR growth rate between 3-5x.

Key Metrics Explained

- **ARR:** Investors will look at your ARR waterfall, new ARR relative to total or old ARR, churned ARR & upsold ARR representing customers either expanding business or being sold other offerings.
- **New Logo ARR:** This measures the annual contract size of new customers. In contrast, net dollar retention focuses on the existing customer base but doesn't include new customer ARR.
- **Gross margin:** Once costs for hosting, data centers, integration & other costs are accounted for, gross margins should be >70%, & that margin should improve over time as the initial fixed costs spread over larger amounts of revenue.
- **MRR net retention:** This is a metric that factors in churn & expansion in measuring the value of a cohort of customers over time. To calculate it, take your starting MRR, add expansion MRR while subtracting churn and contraction MRR and divide that total over your starting MRR.
- **LTV/CAC:** Measures lifetime value of a customer divided by the business' cost of acquiring them.

Enterprise SaaS Benchmarks

	Initialized Series A		OpenView Series A		Bessemer $1-10M ARR		Lenny's Series A		Craft Ventures General	
Metrics	*Good*	*Outstanding*	*Median*	*Top*	*Average*	*Top Quartile*	*Good*	*Great*	*Good*	*Great*
Finance										
ARR	$2-2.5M	>$2.5M								
YoY ARR Growth	3-4x	>4x	2.0x	2.8x	3x	>3.3x	3x	5x	2.5x	3x
New Logo ARR	$100-200k	>$200k								
Gross Margin	70-80%	>80%	80%	85%	70%	85%			0.5	70%
Burn Multiple									<1x	1x - 1.5x
Product										
Monthly Gross Churn	1-2%	<1%					1-2%	<0.5%		
MRR Gross Retention			93%	97%	85%	>95%				
MRR Net Retention	97-99%	>100%	108%	120%	140%	>145%	110%	1.3	120%	140%
Team										
S&M Spend			30%	20%	95%	<45%				
R&D Spend			38%	25%	95%	<40%				
G&A Spend					70%	<30%				
GTM										
CAC Payback			14 mos	7 mos	12-24 mos	<12 mos	12 mos	6 mos	12-18 mos	6-12 mos
LTV/CAC	2-4x	4-6x			3-5x	>5x				

DTC & B2C Benchmarks – Series A

DTC & B2C businesses should target a YoY revenue growth rate between 3-5x.

Key Metrics Explained

- **Run-Rate Revenue:** Not all revenue is created equal. The multiples for transactional revenue typical for DTCs are lower than for SAAS or any other recurring revenue structure. In general, DTC companies should aim for $500k-$2M in revenue before their Series A.
- **AOV:** This varies by product. For CPG, a bigger basket-size is better than a smaller basket-size; however cheaper items make up for that by being something that you constantly need to replenish. Better yet, get consumers to sign up for a subscription.
- **Gross Margin:** Another key component of revenue quality is margins. The amount a CPG co can charge above the production cost is often a factor of how much of a premium a brand they are able to build through effective marketing.
- **MRR Net Retention:** A company's MRR one year ago divided into the current month's MRR from that same group of customers.
- **User Retention:** The % of users who signed up & are still active (i.e. using the product, making purchases, posting photos) 6 mos later.
- **LTV/CAC:** Generally, anything above 3X tends to be very good. If the number is too high it may signal that a company needs to invest more in sales, marketing and growth.

DTC & B2C Benchmarks	Initialized Series A		Lenny's Series A	
Metrics	*Good*	*Outstanding*	*Good*	*Great*
Finance				
Run-Rate Revenue	$2-15M	>$15M		
YoY Rev Growth	3-4x	>4x		
AOV (variable)	$150-300	>$300		
Gross Margin	40-50%	>50%		
Product				
Monthly Gross Churn (SaaS)			3-5%	<2%
MRR Net Retention (SaaS)			55%	80%
User Retention (SaaS)			40%	70%
User Retention (Social)			25%	45%
User Retention (Transactional)			30%	50%
DAU/MAU				>50%
GTM				
CAC Payback			6 mos	<1 mos
LTV/CAC	2-3x	>3x		

Marketplace Benchmarks – Series A

Marketplace businesses should target a YoY revenue growth rate between 3-4x.

Key Metrics Explained

- **Run-Rate Revenue:** Net revenues are generally the rubric that investors look at and you should outline both the gross & net revenue numbers. While the revenue is transactional in nature, there should be recurring business numbers to point to that demonstrate stickiness and loyalty that come from the convenience of using the platform.
- **Gross merchandise value (GMV):** This is the total value of all merchandise, labor, services sold through a marketplace before the business' take rate or expenses are accounted for. Depending on the take rate, this would typically be 2-5x your net revenue.
- **Take Rate:** The % of GMV collected by the marketplace. The take rate typically falls between 10-30% with higher take rates for more exclusivity. In the beginning, your business' take rate might be set lower in order to capture more market share & customers. For larger markets or markets with larger AOVs, take rates tend to be lower while businesses targeting something more niche, take rates tend to be higher. We often see co's at this stage optimizing for transactions (GMV) rather than take rate.
- **YOY GMV Growth:** For an early-stage marketplace business, GMV needs to be expanding at a higher rate than revenue. The market you are trying to win needs to be expanding at a greater rate in order to generate more dollars and then over time as the flywheel of supply & demand gets set in place, the network effects of marketplace can fuel acceleration of growth.

Marketplace Benchmarks

Metrics	Initialized Series A *Good*	Initialized Series A *Outstanding*	FJ Labs Series A *Mid 50%*
Finance			
Run-Rate Revenue	$2-5M	>$5M	$600k-3M
YoY Rev Growth	3x	>3x	
GMV	$5-7M	>$7M	$6-12M
Take Rate	15%	15%	10-25%
YoY GMV Growth	3-5x	>5x	3-4x
Gross Margin	50-60%	60-80%	60-70%

Retention Benchmarks

Although retention is widely considered to be the most important metric to get right when building, how do you know when retention is good? How do you know when retention is great? Here are some key benchmarks for user and revenue retention to keep in mind

User Retention (6 months)	Good	Great!
Consumer Social	25%	45%
Consumer Transactional	30%	50%
Consumer SaaS	40%	70%
SMB/Mid-Market SaaS	60%	80%
Enterprise SaaS	70%	90%

Net Revenue Retention (12 months)	Good	Great!
Consumer SaaS	55%	80%
Bottom-Up SaaS	100%	120%
Land and Expand Very Small Business SaaS	80%	100%
Land and Expand SMB/Mid-Market SaaS	90%	110%
Enterprise SaaS	110%	130%

1. Key Resource: Lenny R's Blog
2. Key Resource: How Retention Drives Acquisition, Monetization, and VIrality

Burn Multiple

One way to measure capital efficiency is to calculate the Burn Multiple. It puts the focus squarely on burn by evaluating it as a multiple of revenue growth. In other words, how much is the startup burning in order to generate each incremental dollar of ARR? The higher the Burn Multiple, the more the startup is burning to achieve each unit of growth. The lower the Burn Multiple, the more efficient the growth is.

How to Build Virality Into the Product

- The Burn Multiple should improve as the startup matures
- For example, a seed stage company might have a Burn Multiple of 3 because it just started selling. After the Series A, it might drop to 2. After the Series B, when the sales team should be operating at scale, the expectations for efficiency increase even more.
- The Burn Multiple is a catch—all metric that can indicate
  - A gross margin problem
  - A sales efficiency problem
  - A churn problem
  - Growth challenges
  - Founder leadership problem

$$\text{Burn Multiple} = \frac{\text{Net Burn}}{\text{Net New ARR}}$$

Burn Multiple Benchmarks

Burn Multiple	Efficiency
Under 1x	Amazing
1 - 1.5x	Great
1.5 - 2x	Good
2 - 3x	Suspect
Over 3x	Bad

Key Resource: Measuring SaaS Engagement

Let’s change the face of entrepreneurship, together.

Harlem Capital