Raising venture capital in multiple rounds has two major financial benefits: managing dilution for all shareholders and mitigating investment risk. If, as we all expect, a new company successfully adds value by making progress on its business plan and eliminating technical, team and market risk, it will be able to raise subsequent rounds of capital at higher prices, thereby reducing dilution. If, on the other hand, the business falters, less early capital is at risk. Thus entrepreneurs and early investors usually agree to raise only enough money to reach significant milestones (with some cushion) in order to mitigate dilution and risk.

USVP embraces a no-nonsense philosophy that is based on time-tested fundamentals. Our core values have changed little over three decades of investing.

From an operational standpoint, tying future capital to a company's achievements reinforces a management discipline of cash conservation, result-tracking and measurement.

At the time of our initial investment, we will work with a company to identify the timing of the next round. Together we will track cash flow to assure that our timing assumptions continue to make sense. About six months before we hope to close the next round, we will begin a process to prepare for this financing event.

The process usually includes:

- Reassessing the company's performance on milestones
- Determining with the Board and management the precise positioning of the company, within the context of the company's progress and external developments, like the market, competition and customer feedback
- Helping you develop a short but impactful presentation
- Testing that presentation with our partners
- Assisting with the creation of your investor diligence package
- Identifying likely high-value investors and making introductions on your behalf
- Following up with prospects to get feedback
- Providing you support in negotiations with new investors
- Supporting the investment with our own capital

We help our portfolio companies raise additional capital 30-50 times a year, which keeps us very close to early-stage capital markets. We generally know who is investing in which sectors, what valuations are looking like and what financing terms are currently prevailing.

At every step, our goals and yours are aligned, namely:

- Getting your company the financial resources it needs to excel
- Minimizing your dilution and ours
- Ensuring that the capital structure of the company remains attractive to future public market investors and acquirers