

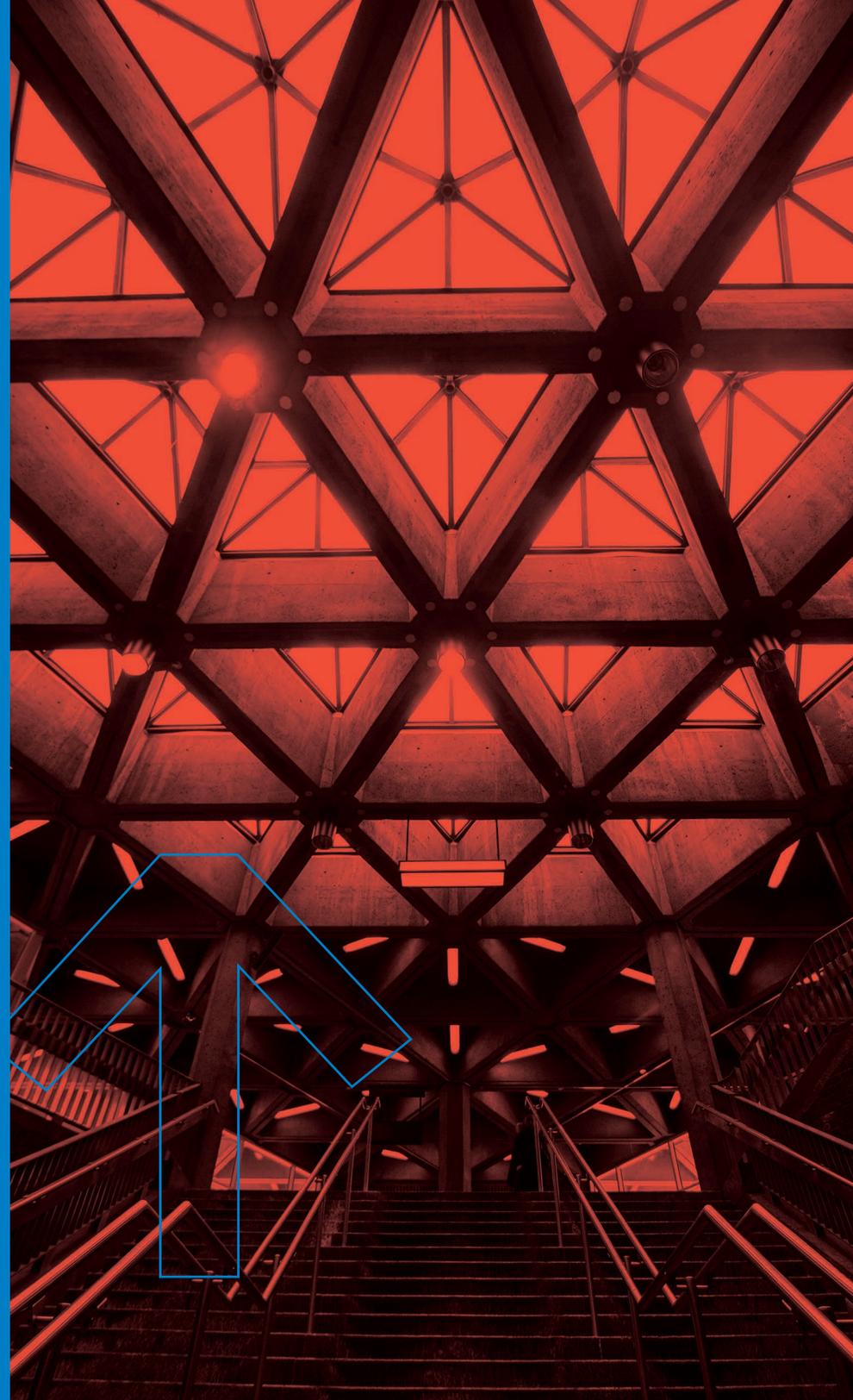
BONJOUR

STARTUP

MONTREAL

STARTUP LEXICON

FALL 2019



INTRODUCTION

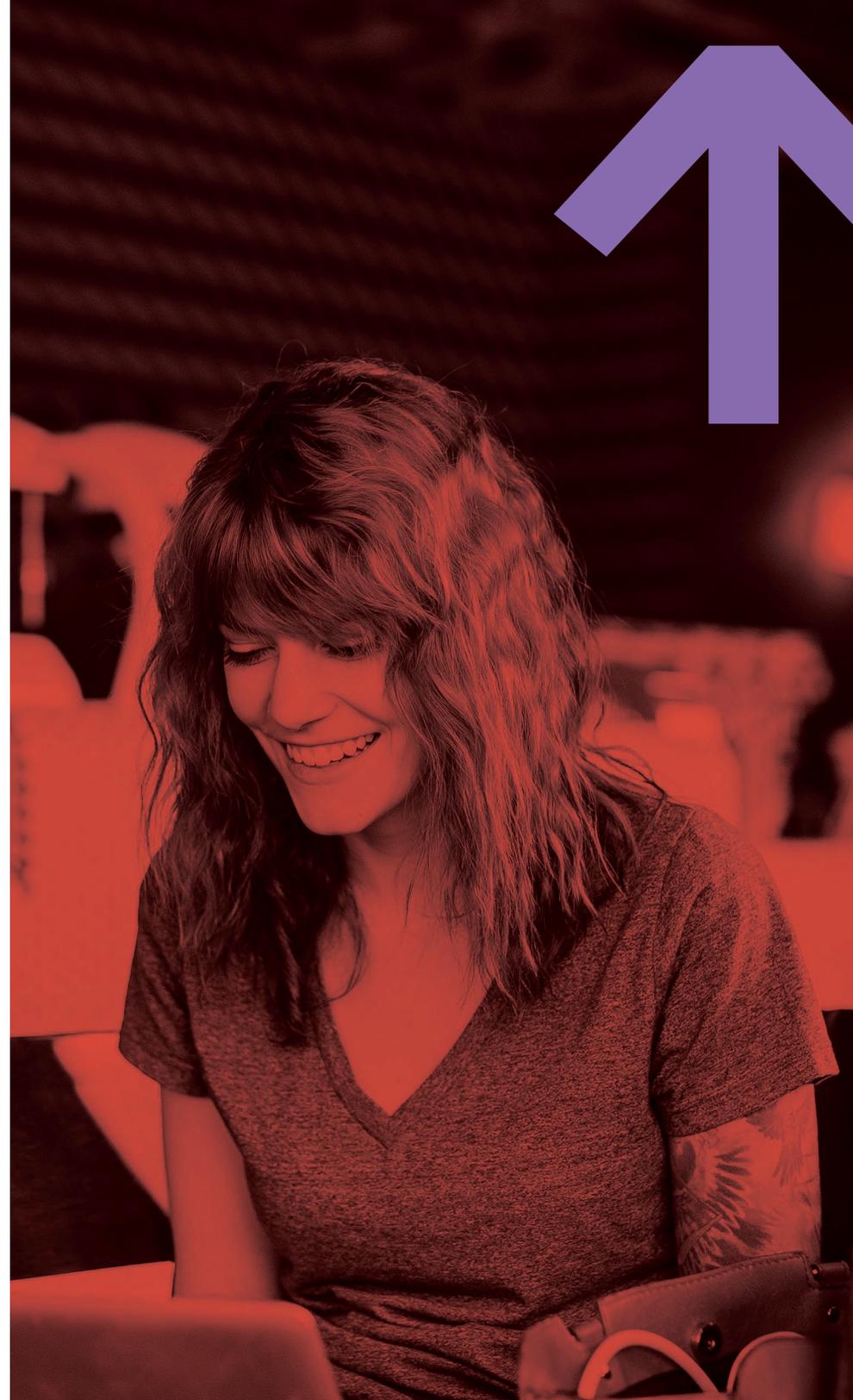
What's a startup ecosystem? What differentiates an incubator from an accelerator? What's a Spin Off?

The startup world has a dialect of its own. Now, you too can speak our language. Bonjour Startup Montréal has put together a **Startup Lexicon**, including clear definitions of the vocabulary used daily by startups all around the world. A guide to be read, re-read and shared with insiders, and outsiders.

Whether you need to prepare for your first meeting with an investor or to better understand what to ask for when you meet with a support organization, this will act as your guide to navigate the startup ecosystem.

This document, as any other initiative led by Bonjour Startup Montréal, is a collaborative project in constant evolution. Please don't hesitate to share your definitions & new terms used by your business or community, via our [Slack channel](#) or by sending an email to info@bonjourstartutpmtl.ca.

The Bonjour Startup Montréal team



THE BASICS

Business Model Canvas

A Business Model Canvas is a tool used to modelize a business model. Through a visual graph, it describes the value proposition, infrastructure, customers and finances¹ and helps understanding the value of a product for its potential customers.

Community of Practice

Communities of practice gathers individuals who share similar knowledge and issues. Communities support each other and promote the emergence of peer-to-peer learning. Founders or employees who are connected to communities are more likely to grow their startup successfully.

Coworking spaces

Coworkings spaces are infrastructures designed for shared work and collaboration. The spaces often organize networking events and conferences for the entrepreneurial community.

Elevator Pitch

An elevator pitch is a way to orally synthesize the business model or product offered

by a company. It can be used to attract investors, customers or strategic partners. A pitch should be concise and address the following points: problem, product, market, data, history and conclusion².

Growth stages

PRE-LAUNCH : When a company improves its initial idea, raises capital for recruitment and works on a minimum viable product.

LAUNCH : When a company tests the product on the market, the team experiments with customer segmentation and tries to determine its profit margin.

GROWTH (SCALEUP) : When a company is getting visible on the market and creates sales that generate revenues.

ESTABLISHED : When a company has demonstrated its viability and its product is recognized. It is settled on the market³.

Hub

Hubs are physical spaces that offer a concentration of resources, actors and experts in the same place, for the good development of startups.

Industrial clusters

Clusters are geographical concentrations (citywide or provincial) of companies and institutions from the same industry. The

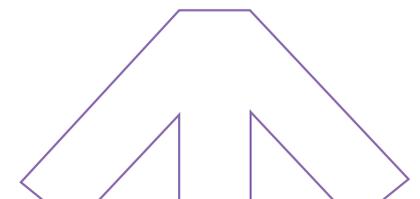
grouping of these organizations makes it possible to develop the competitiveness of a region, while offering support and a common voice to its members. Clusters represent a strategic aspect, and are formed because they represent an economic force for Quebec.

Innovation

“An innovation is the implementation of a new or significantly improved product (good or service) or process, a new marketing method or a new organizational method in business practices, workplace organization or external relations.⁴” Innovation is a concrete process that is planned, achievable and must be adapted to the needs of the company. Innovation is a means to achieve strategic objectives, improve competitiveness, differentiate and create value⁵.

Intellectual Property (IP)

Intellectual property is an important asset of any startup. Intellectual property is “a form of creation that can be protected by a trademark, patent, copyright, industrial design or integrated circuit topography⁶”. The intellectual properties of startups have value on the market, which is why it is important to register them. They can also be an asset when raising capital.



Lean Startup

The Lean Startup concept consists in developing a product or company iteratively to better measure progress and customer satisfaction in order to better understand customers' needs and to adapt to market demand⁷.

Open innovation

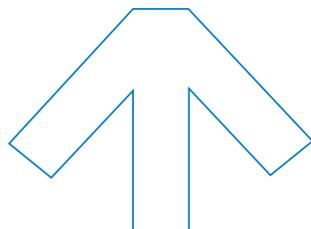
This concept defines the collaboration between startups and large companies. Sharing knowledge between companies promotes internal innovation, the creation of strategic partnerships and the development of new markets.

Scalable

A company is scalable when it can shift scales, when it is able to change in size as the startup grows.

Spin Off

A startup spin off is a company that is derived from a more mature one. The two entities are independent, but support each other. Spin-offs can also result from academic research. A startup is created through technology transfer or by acquiring a research innovation license⁸.



Startup

A startup is a company with a high growth potential⁹.

Startup ecosystem

A startup ecosystem is a set of individuals and organizations that collaborate together to foster the creation, development, growth and success of startups. The startup ecosystem is made up of support organizations, event promoters, universities, investors, startups, large companies and governments.

SUPPORT

Accelerator

An accelerator offers growth acceleration programs based on mentoring for a few months. Startups participating in such programs are in an expansion phase, have some market experience and have a product ready to be marketed or marketable in the short term, and on a large scale. Acceleration programs are often linked to a venture capital fund and prepare startups to raise a first round of financing.

Incubator

An incubator (physical or virtual) offers support programs, training, mentoring,

advice, product refinement and networking for startups, most often in the pre-startup and startup phases. Programs vary in length (usually between 1 and 5 years) and often offer shared workspaces.

Support organizations

Support organizations offer mentorship programs to entrepreneurs, as well as services ranging from orientation to growth or travel grants.

University accelerator and incubator

University incubators and accelerators have the same characteristics as an incubator or accelerator, but are affiliated with universities. The programs can be aimed at students, university staff, but can also be open to everyone.

FUNDING

Angel investor

Angel investors are individuals who invest in early-stage startups. Investments range from a few thousand to hundreds of thousands of dollars. Angel investors can also mentor founders by investing time in the company.



Bootstrap

Startup founders bootstrap their organization when they invest their own money in equity.

Capitalization table Or Cap Table.

This document is particularly important during funding rounds. It provides an analysis of percentage of ownership, dilution and equity value of a startup¹⁰.

Corporate capital

Corporate capital is based on the same principles as venture capital, but originates from companies. It usually stems from a strategy to build bridges between the company and the startup and helps raise competitiveness.

Due diligence

Due diligence occurs when a company seeks capital from a financial institution or raises its funding rounds. Investors need to ensure that the information provided about the company is accurate. They look at the company's financial situation, its capacity for growth, its team, market analysis, etc¹¹.

Family Office

Family Offices are wealth management

companies that invest in startups on behalf of families that have significant financial assets.

Investment fund

Investment funds aim to invest or acquire private or public companies. They are generally interested in more mature companies.

Love Money

Love Money is the initial capital that entrepreneurs raise from family, friends and relatives.

Stock option

A startup can issue stock options to retain or reward first employees. After a specific period of time (vesting period), the employee can exercise his right to purchase his accumulated shares.

Venture capital

Venture capital (VC) is one type of private equity provided by firms or funds to startups. It usually comes with an access to the venture capitalist's network, mentorship and general support.

Actions

PREFERRED : Holders of preferred shares generally enjoy a fixed dividend guaranteed in perpetuity. Shareholders are reimbursed before common shareholders¹³.

COMMON : Common shares are securities owned by the company and provide to holders a portion of the dividends. It is the simplest investment device. One share generally equals one vote (unless they are non-voting shares).

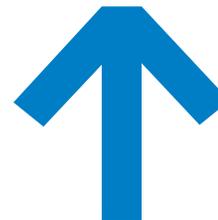
Debt

CONVERTIBLE BOND : Convertible bonds are a form of debt. After a period of time that is fixed at the time of purchase, an investor can choose to be redeemed or convert his bonds into shares.

SAFE : Investors who purchase through SAFEs have the right to purchase shares in the next round of financing under conditions discussed during the investment.

Seed funding

The Seed funding is a startup's first funding round. Amounts raised can range from \$10,000 to \$2 million.



Series A

A Series A round is a company's first significant round of venture capital financing, to increase user base or for product development. Amounts raised range from \$2 million to \$15 million.

Series B

A Series B round is between \$7 million and \$10 million. At this stage, companies are valued between \$30 million and \$60 million. Capital is raised to reach new markets and consolidate the company's presence in established markets.

Series C

A Series C round is \$55 million on average. This funding round is often used to gain as much market share as possible. It is usually one of the last rounds before an IPO.

*A company may also raise Series D and E.

EXIT

IPO

An IPO (Initial Public Offering) is when a private company goes public. It can then issue shares on the stock exchange.

Merger

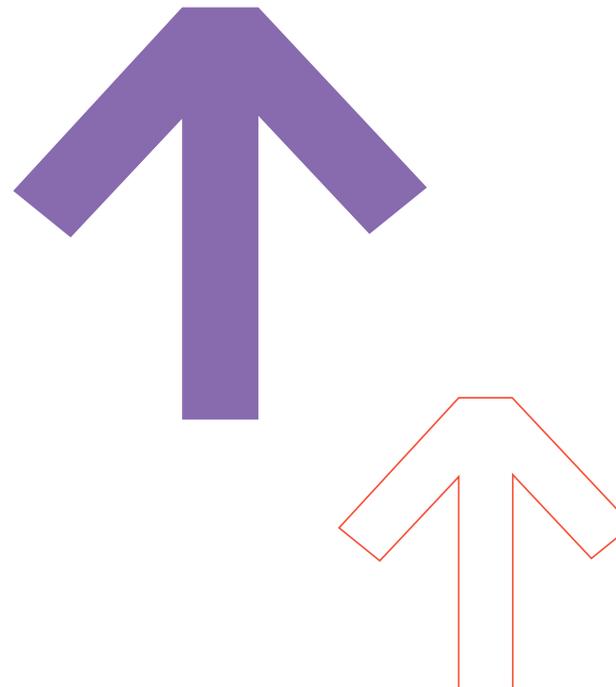
Two or more organizations pool their assets and form a single entity. They can merge by absorbing one of the company in the other or by creating a whole new company.

Repurchasing

When a company or institution that is more mature acquires a startup.

RTO

RTO (Reverse Take Over) is similar to an IPO but for a company that is already listed on the stock exchange. An RTO is much simpler than an IPO.



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