

So...You Think You Need Investment Capital?

Getting the Attention of Private Investors Are You the Right Match and How Do You Know?

Financing Your Business with Local Resources

May 16, 2018



DISCLAIMER

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For More than 30 Years

MAVA has served the full community of

- Innovators & Entrepreneurs
- Companies
- Private capital
- Industry, and
- Key advisors

All needed to build successful businesses from start-up to exit.

3,000 Companies

Have presented on a
MAVA platform since 1987

*Selected by MAVA Institutional Investor
and Active Investor Members*

\$100B+

In Successful Exits

Where Capital Meets the Marketplace

- Stimulate revenue and company growth
- Facilitate quality deal flow
- Encourage collaboration and foster relationships among entrepreneurs, investors, strategic partners and customers

Through

- Small group meetings, forums and networking opportunities
- Public programs
- Information distribution
- Focus on industry, stage and operational interests
- **Facilitate connections among constituents needed to accelerate growth**

Context

MAVA is the only group in the region working across state lines that independently promotes the collective beliefs of our region to help local, statewide and industry efforts with the end game of attracting investment capital and key industry resources needed for company growth.

Context

- Our purpose is to create a positive entrepreneurial environment so that organizations like ETC may prosper.
- In doing so, we together make the area more attractive for companies to do business here.
- Founded in Baltimore with focus on the greater region (Philadelphia to Richmond) with broader footprints along the east coast, across the country and around the world.

Context

- Independent, privately funded membership non-profit (501©6).
- We take long-view of sustainable company creation.
- Serves as a community hub for entrepreneurs, industry and companies from startup to exit.

MAVA Does **Not**

- Invest
- Recommend investments to firms
- Conduct Economic Development activities

To avoid investment conflict, we do not represent any single fund's interests.

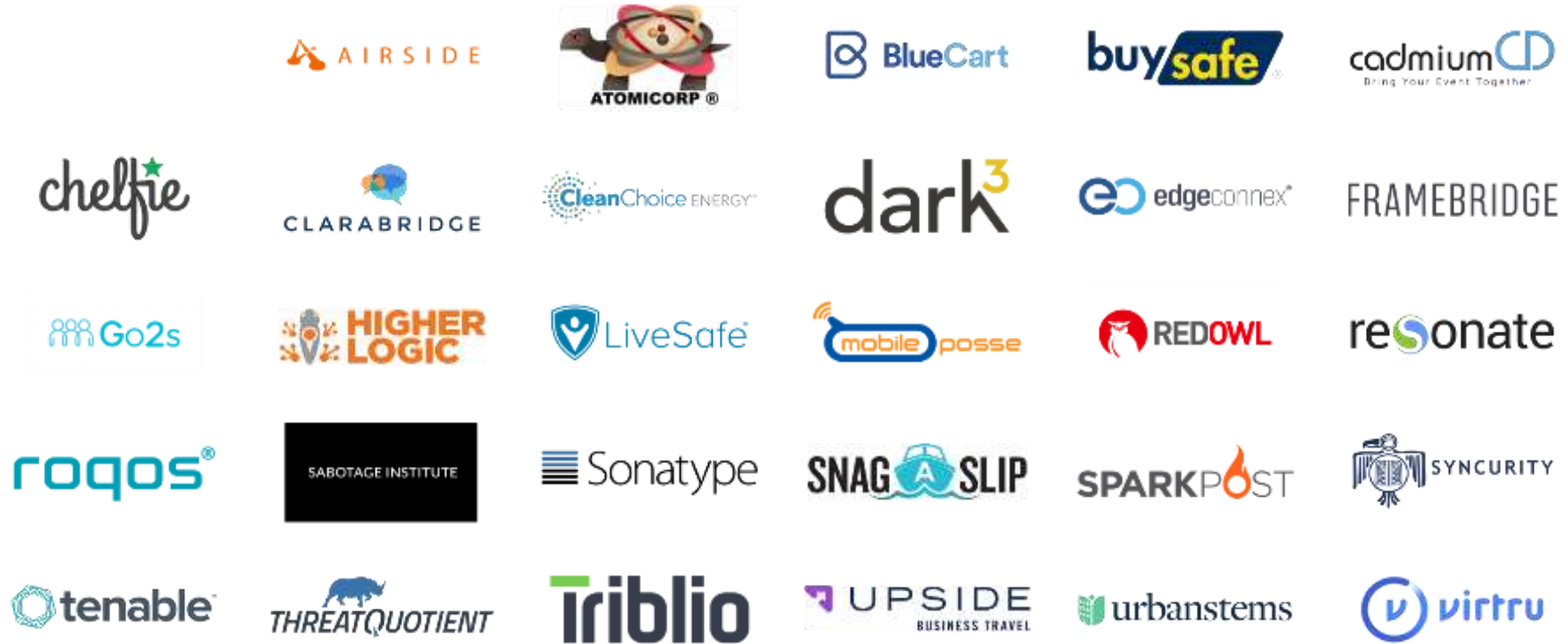
3TS Capital Partners
 CIT GAP Funds
 Genacast Ventures
 JMI Equity
 Paladin Capital Group
 TCP Venture Capital

ABS Capital Partners
 Columbia Capital
 Harbert Growth Partners
 Kinetic Ventures LLC
 Revolution
 TDF Ventures

Boulder Ventures
 Core Capital Partners
 In-Q-Tel, Inc.
 New Enterprise Associates
 River Cities Capital Funds
 Udata Partners

Camber Creek
 Fulcrum Equity Partners
 Inner Loop Capital
 Osage Venture Partners
 Route 66 Ventures, LLC
 Vital Venture Capital, LLC

MAVA Members Include



Show of Hands

Who is currently running a business?

Who is thinking about starting a new venture?

How to Know if You're a Good Match for Private Investment

Overview: Current Investment Stages for a Startup

Pre-Seed → Seed → Venture → Debt → IPO/Acquisition

Broad Types of Funding

- **Entrepreneur Personal Funds**
- **Friends & Family**
- Personal Credit Card & other borrowings
- SBIR/STTR
- Traditional Banking
- **Angels/ Super-Angels**
- **Early-stage VC**
- **Growth-stage VC**
- Corporate Direct Investment
- Crowd Funding
- Corporate Strategic Investment
- Private Equity
- Hedge Funds
- Venture Leasing
- Mezzanine Financing
- Strategic Partners
- Merger & Acquisition
- Buyout/Acquisition Financing
- Initial Public Offering
- Secondary/Follow-on Public Offering
- Private Placements—Debt & Equity

Are you the right match for private investors? (at any stage)

The :15, back of the envelope test

What type of business are you? (Are you a startup, or starting up?)

Are the conditions correct? (Economic landscape)

Is your team worthy of an investment? (Team)

Is your idea worthy of an investment? (Validation)

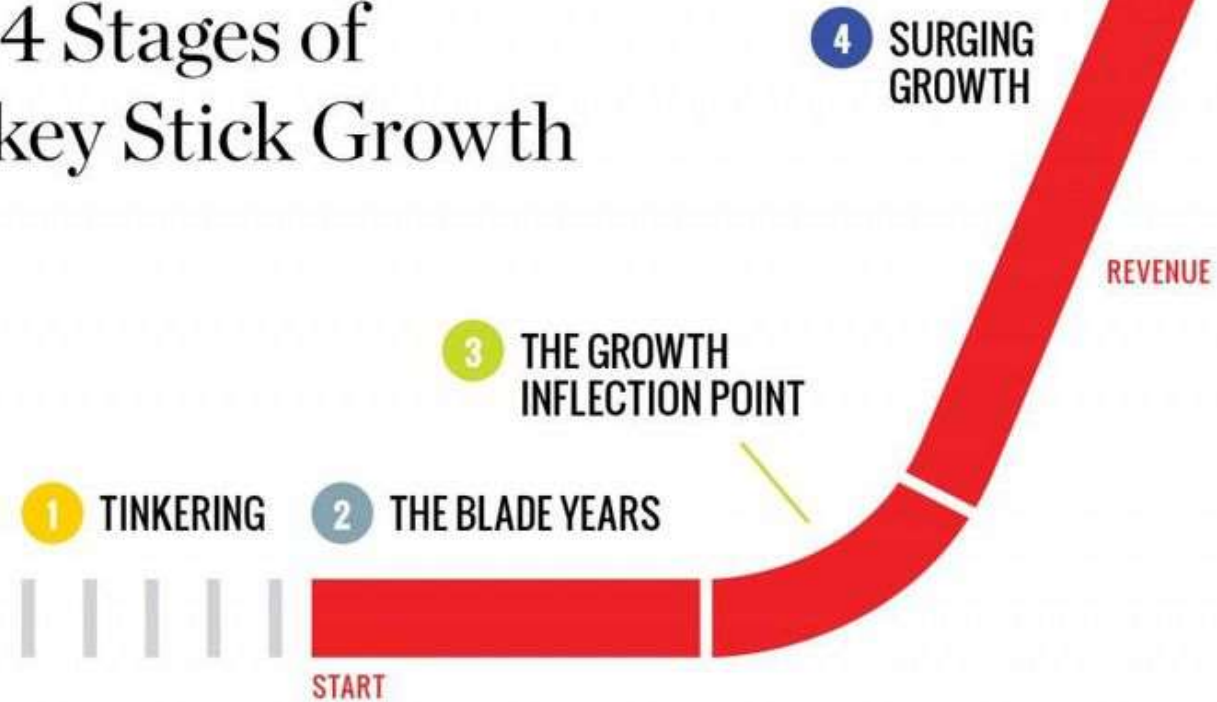
Question #1: **Are You a Startup, or Starting up a Business?**

A startup that will receive private funding is one that:

- Has an ability to grow...a lot

- Has an exit plan

The 4 Stages of Hockey Stick Growth



The Hockey Stick Principles, Flatiron Books

When you start out it's you versus the world.

Then the laws of physics take hold.

Either gain momentum ($f=m*a$),

or crash.

Question #1: **Are You a Startup, or Starting up a Business?**

How do you know?

Consult Business Plan

- Product/Service
- Pricing
- Customers
- Market Size
- Competition

Question #2: **Are investors able to invest?**

How do you know?

Understand Macro and Micro Economic Outlooks

How does the business cycle relate to *your investors, customer, consumer and suppliers.*

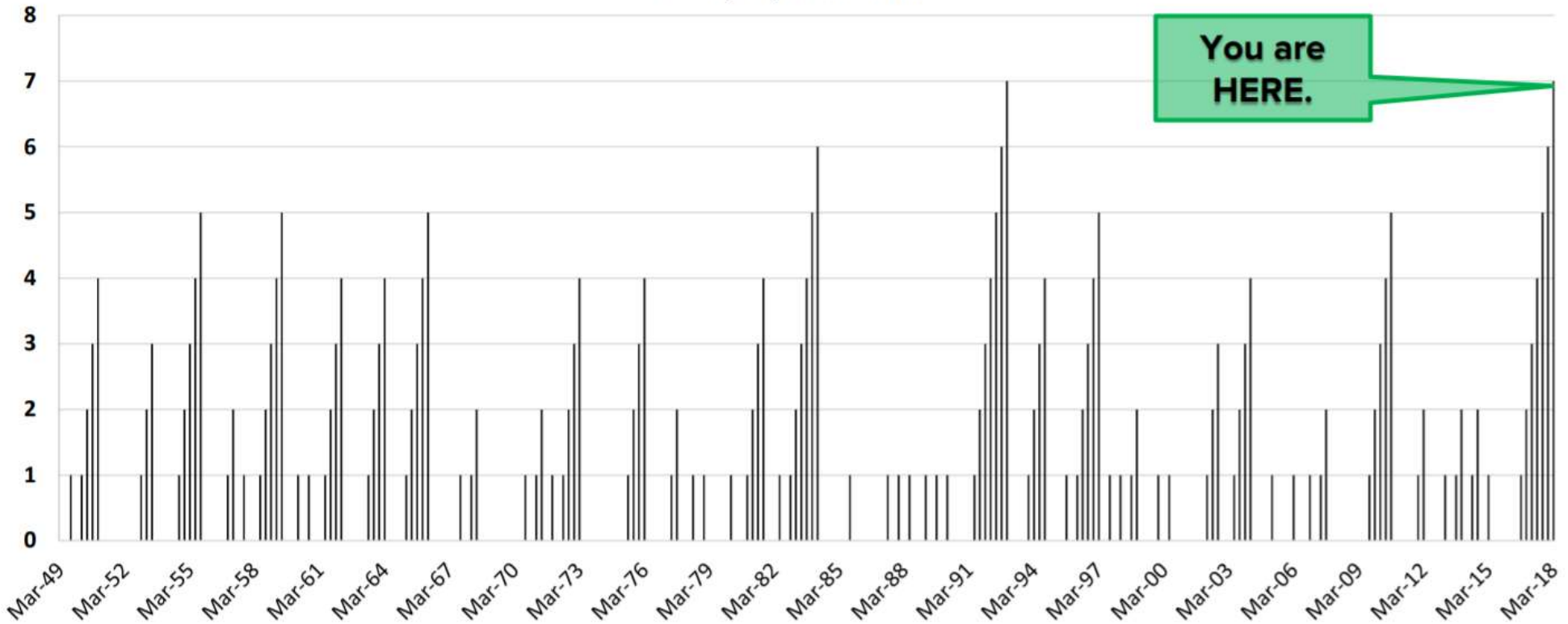
- Recessions are not necessarily bad.
- Be mindful of where we are in the cycle and understand how this impacts you personally, your customers, consumers and suppliers.

GROWTH: IT'S BEEN A HISTORIC RUN

1Q18 WILL MARK 7 CONSECUTIVE QUARTERS OF ACCELERATING YEAR-OVER-YEAR GROWTH, MATCHING THE LONGEST STREAK EVER

Consecutive Quarters of Accelerating Growth

GDP Y/Y %, 1948-Present

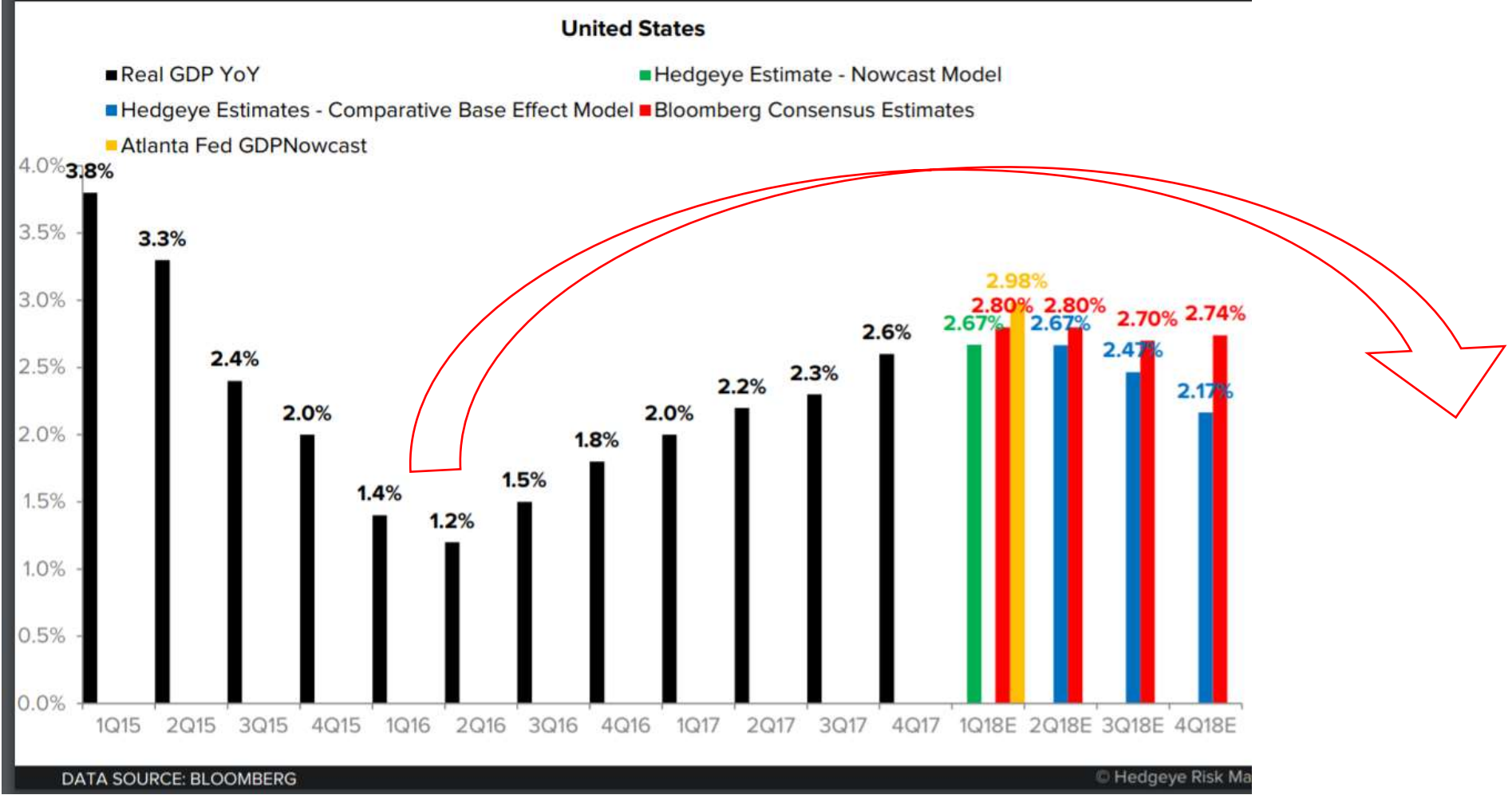


DATA SOURCE: BLOOMBERG

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Source: Hedgeye/Bloomberg

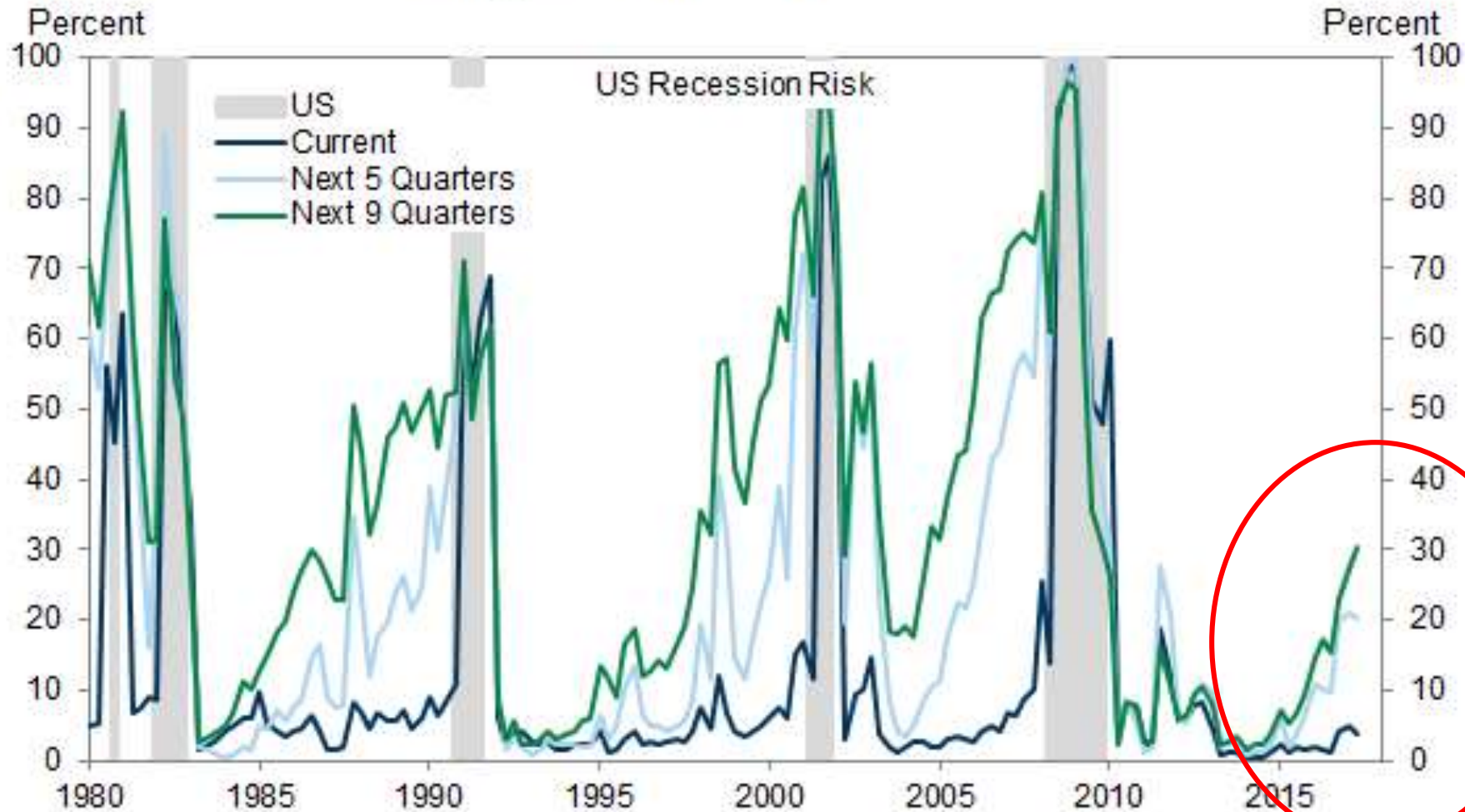
U.S. REAL GDP FORECASTS



Source: Hedgeye/Bloomberg



Exhibit 1: Recession Probability Rises from Low Levels



Source: Goldman Sachs Global Investment Research

Source: Goldman Sachs

Question #3(a): **How good is your team?**

How will you know?

Do you have a team?

A team gets funding. Not an individual.

For each team member,

What is the pertinent background?

What is the pertinent domain expertise?

Note: Friends and family have a much lower impression hurdle

Question #3(b): **How investable are you?**

A Cap Table is a list of Your Company's Securities, who owns them under what conditions.

How you will know:

If you have one that is preferably simple and straight forward.

If you're building a startup you will be giving options to people who help you. Keep it simple, keep it straight.

Question #4: **Are you worthy of receiving funding?**

How you will know: **Homework**

Is your business the right fit for an investor?

Is the investor already in the space?

What is your model? Are you replicable?

What is your traction?

What is your growth rate?

Who is your competition for investment dollars?

If You're Thinking About Private Funding

The Mature Elevator Pitch

What your business does in 7 words:

Describe your team:

Describe your customers:

Describe your IP:

Describe how you are different:

Describe your traction:

How much \$ are you looking for?

What will the money be used for? (hint: **do not** say salary)

Practice Time!

What your business does in 7 words:

Describe your team:

Describe your customers:

Describe your IP:

Describe how you are different:

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A Few Tips

Raising money from investors is a full time job.

Build relationships before you need to raise.

It's tough to get money when you need it. Be raising when times are good/you don't need it.

The easy part of money is getting the money.

A Few More Tips

Stay away from buzzwords.

Talk about your growth in both absolute terms and rate of change (2nd derivative).

Keep your cap table clean.

Invest in a (really good) lawyer.

Practice your pitch.

Steps to take, now

Startups are an always on lifestyle.

Build, build, build.

Build your professional networking calendar.

Go to events, to learn, be visible and make connections.

You never know who is an angel investor.

Join us June 6th

TechBUZZ 20th Edition

16 startup pitches

Insights, Investors & Networking

TechBUZZ coupon – save \$10 on your ticket with code:
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Q&A

Thank You

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