Session 3

- Session 1: Introduction; Finding Your Customer
- Session 2: Business Models; Presentation Skills
- Session 3: Financing Sources; Financial Projections
- Session 4: Founders’ Journey; Legal Issues
- Session 5: Negotiation Skills; Organizational and People Issues
- Session 6: Pitfalls and Plan Execution
Where Do Companies Get Money?

Brad Feld: feld.com  https://www.youtube.com/v/U470xXKfDyE
Financing Sources

- Different Sources for Different Types and Stages of Ventures
- Angel Investing ~$25 B in 2014

https://www.fundivo.com/stats/angel-investment-statistics/
Financing Sources

**Angel Group Dollars by Sector**

- Healthcare: 30%
- Software: 22.1%
- Commercial Services: 15.3%
- Pharma & Biotech: 4.2%
- IT Hardware: 2.6%
- Other: 25.5%

**Angel Group Deals by Sector**

- Software: 35.8%
- Healthcare: 17%
- Commercial Services: 11.3%
- Consumer goods & Recreation: 5.7%
- IT Hardware: 3.8%
- Pharma & Biotech: 3.8%
- Media: 1.9%
- Other: 20.8%

Source: https://www.fundivo.com/stats/angel-investment-statistics/
Financing Sources

• Venture Capital ~$50 B in 2014
Financing Sources

• Venture Capital by Stage of Development

[Bar chart showing investment amounts by stage of development for Q4 2015 and Q3 2015.]

Source: PwC/NVCA MoneyTree™ Report, Data: Thomson Reuters

http://www.pwcmoneytree.com/
Financing Sources

• Venture Capital by Stage of Development

Seed stage
The initial stage. The company has a concept or product under development, but is probably not fully operational. Usually in existence less than 18 months.

Early stage
The company has a product or service in testing or pilot production. In some cases, the product may be commercially available. May or may not be generating revenues. Usually in business less than three years.

Expansion stage
Product or service is in production and commercially available. The company demonstrates significant revenue growth, but may or may not be showing a profit. Usually in business more than three years.

Later stage
Product or service is widely available. Company is generating on-going revenue; probably positive cash flow. More likely to be, but not necessarily, profitable. May include spin-offs of operating divisions of existing private companies and established private companies.

http://www.pwcmoneytree.com//
Financing Sources

- Different Sources for Different Types and Stages of Ventures
- Angel and Venture Capital
- Other Sources
  - Corporate Venture
  - Kickstarter – for products
  - Crowdsourcing – for financing (SEC regulations)
  - SBIR Grants – Small Business Innovation Research
  - Customers - Consulting
  - NRE (non-recurring engineering)
  - Advance Against Royalties – Innovation Gap
“I’m a VC – Who Are You?”

- What Do VCs Do? Here is a Fun Spoof by the Foundry Group:

  [Image]

  - [https://www.youtube.com/v/wzpHB_otvYc](https://www.youtube.com/v/wzpHB_otvYc)
  - Feld.com blog
Our Guests

• Johannes Fruehauf
  – BioTech Entrepreneur and Investor
  – Co-Founder LabCentral

• Mark Thirman
  – Vodafone
  – Key Partnerships and Venture Capital
  – MIT Enterprise Forum

• Julianne Zimmerman
  – Early Stage Investor
  – Serial Entrepreneur Executive
  – Twice Finalist in NASA astronaut selection process