

# EARLY STAGE FUNDING AND YOUR STARTUP BUSINESS... SARA HAND

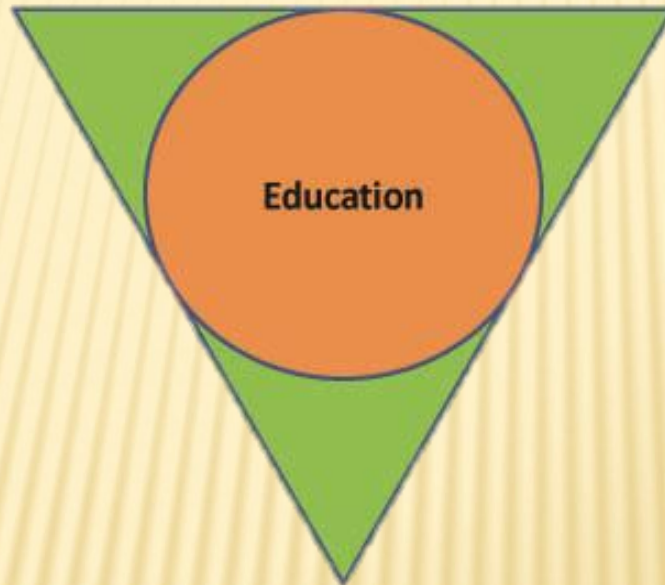


- Sarasota Chapter President Gulf Coast Venture Forum
- Co-Founder BarCamp Sarasota
- Board of Directors Suncoast Technology Forum
- Regional Collaborative for Entrepreneurial Support

# WHY AM I HERE?

Innovative Enterprises

Business Practices



Funding Resources

# QUESTIONS FOR YOU TO ASK: WHO DO I WANT TO BE?

- ✘ Microenterprise
  - ✘ Small business
  - ✘ Large Business
- 
- ✘ Do I want to stay here?
  - ✘ Do I want to build it and get out?  
(Acquisition...Sooner or later)



# GROWING A BUSINESS

---



- ✘ R – Repeatable
- ✘ S – Sustainable
- ✘ S – Scalable
- ✘ T – Transferable

# DO YOU REALLY NEED FUNDING?

---

- ✘ Bootstrapping
- ✘ Organic Growth
- ✘ Business Models



What do the VC's say...



**MARKET SHARE OR PROFITABILITY?**

# GO FOR THE DOUGH!

---

- ✘ Raising capital is tough...
- ✘ If you have income and you need funding
- ✘ You have given yourself some time
- ✘ To survive until you make it.

---

**OPTIONS...**

# If you can build anything... would FREE money make a difference?

- ✘ SBIR/STTR
- ✘ <http://www.sbir.gov/>
  
- ✘ Phase 0 Funding
- ✘ [http://www.eflorida.com/Why\\_Florida.aspx?id=8804](http://www.eflorida.com/Why_Florida.aspx?id=8804)
  
- ✘ Multiple Agencies
- ✘ Several Solicitations yearly

# WHAT SBIR IS...

---

- ✘ Competitive Awards program
- ✘ For small businesses to engage in Federal R/R&D
- ✘ Inclusion in the high-tech R&D arena stimulates economic growth
- ✘ US Government gets specific R&D needs met

# SBIR IS LOOKING FOR...



- ✘ New, innovative, unproven ideas and technologies
- ✘ To meet Federal R&D needs
- ✘ End goal: Commercialization

# WHAT SBIR IS NOT!



- ✘ This is not FREE money to fund small business
- ✘ Not just R & D money

• 3,000 SBIR/STTR IN FLORIDA  
TOTALING \$670 MILLION



✘ 29 SBIR/STTR Awards

Just in our Zip code 342\_ \_

Totaling \$10, 397,105

# AGENCY: DEPARTMENT OF DEFENSE

## EXAMPLE

---

- ✘ **Release Date:** July 28, 2011
- ✘ **Open Date:** August 1, 2011
- ✘ **Close Date:** September 28, 2011 (closing in 34 days)
- ✘ **OSD11-CR2:** Adaptive Desktop Trainer for ISR Imagery Analysis Based on Contextual Factors
- ✘ **Description:** TECHNOLOGY AREAS: Information Systems, Human Systems
- ✘ **OBJECTIVE:** Develop an adaptive desktop training device with underlying learning management system (LMS) architecture to train ISR imagery analysis for better decision making by warfighters

**BUT YOU NEED AN INVESTOR...**

# ANGEL INVESTMENT VS. VENTURE CAPITAL

## ✘ Angel Investment

- + Individual Investors
- + Receive convertible debt or ownership equity
- + Typically not a fund – organized into groups or networks
- + Seed funding in range of few thousand to few million \$
- + Average raised ~\$450K

## ✘ Venture Capital

- + Fund comprised of multiple investors
- + Makes money via equity, eventual IPO or trade sale
- + Funding after seed round, usually called Series A
- + High risk  $\Leftrightarrow$  significant control and ownership
- + Range \$1MM - \$10MM +

# WHAT ARE INVESTORS LOOKING FOR?

- ✘ Great idea!
  - + Only the beginning
  - + Novel/differentiated
- ✘ Substantiated by real market needs
- ✘ Skin in the Game
- ✘ Management Team
- ✘ Track record



# STAGES OF FUNDING

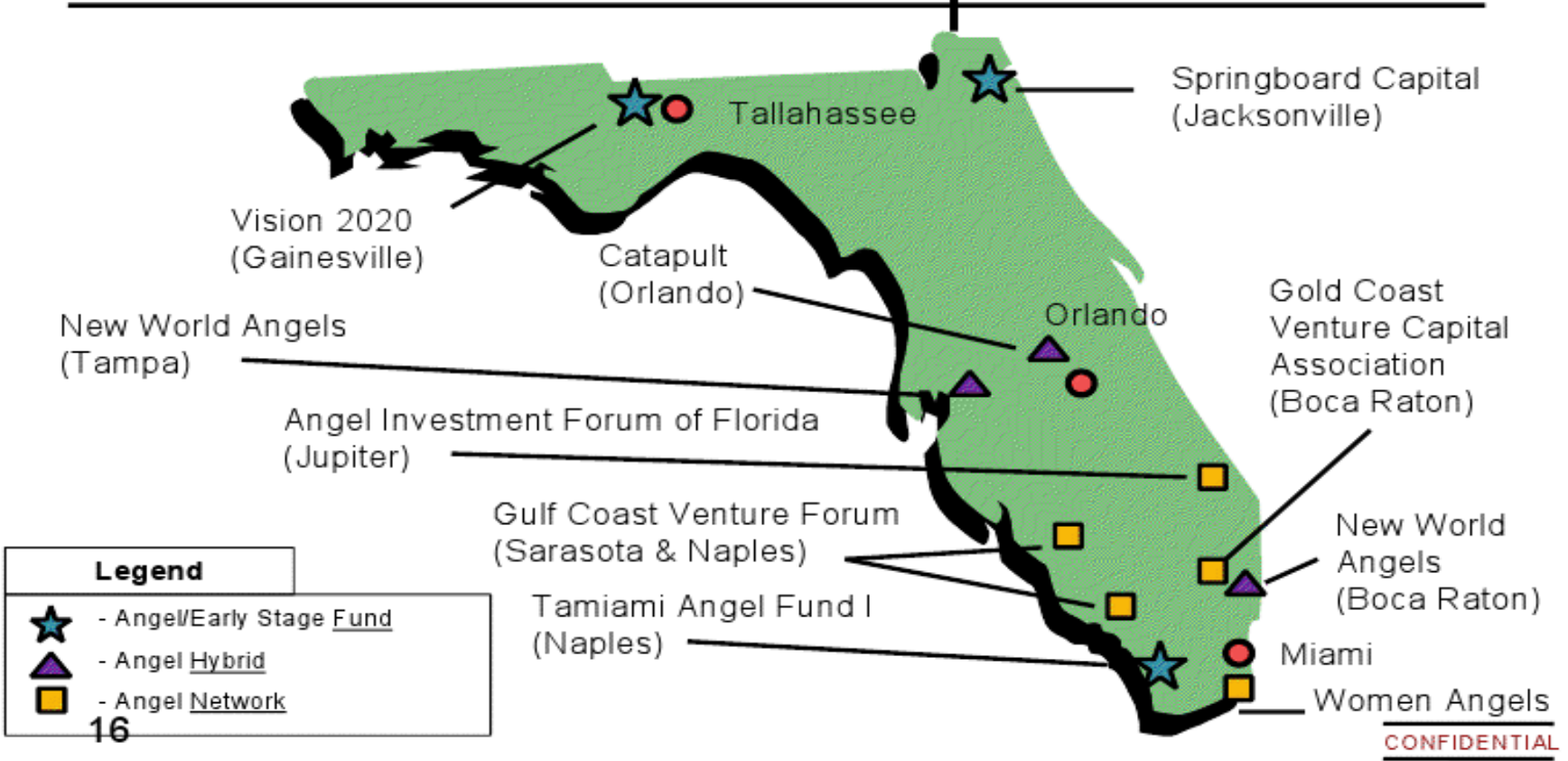
## Deal Flow Leadership



		GCVF	Tamiami Angel Fund			
<b>Raise:</b>	\$500K	\$1-2M	\$2-5M	\$5-15M	<\$25M	>\$50M
<b>Time:</b>	0	1.5 yrs	3 yrs	5 yrs	7 yrs	10 yrs
<b>Series:</b>	R&D	Seed	Series A	Series B,C	Series D	Exit
<b>Stage:</b>	Idea	Start-up	Early	Expansion	Later	IPO
<b>Source:</b>	Self, F&F, SBIR, STTR	F&F, Angels	Angels, Venture Capital	Venture Capital, Strategic Partners	Mezzanine	I-Banks

# WHERE DO I LOOK FIRST?

## Florida Angel Groups & Funds



# WHAT DO I NEED WHEN LOOKING FOR MONEY?

PEPPERDINE PRIVATE CAPITAL MARKETS PROJECT | SURVEY REPORT IV –WINTER 2011

Respondents reported the importance of certain due diligence activities and 88.8% reported that interviewing management teams was very important, 53.8% believe that reviewing business models are also very important.

*Table 39. Importance of Due Diligence Activities*

	<b>Unimportant</b>	<b>Of little importance</b>	<b>Moderately important</b>	<b>Important</b>	<b>Very important</b>	<b>Score (0 to 4)</b>
<b>Interview management teams</b>	0.0%	0.0%	1.3%	10.0%	88.8%	3.9
<b>Analyze industry and market</b>	0.0%	0.0%	8.9%	43.0%	48.1%	3.4
<b>Review financial plan</b>	0.0%	6.3%	27.8%	36.7%	29.1%	2.9
<b>Review business model</b>	0.0%	0.0%	11.3%	35.0%	53.8%	3.4
<b>Analyze product or service</b>	0.0%	0.0%	5.1%	58.2%	36.7%	3.3
<b>Perform reference calls</b>	0.0%	6.3%	13.9%	40.5%	39.2%	3.1

# WHAT RESOURCES ARE AVAILABLE TO HELP ME HAVE MY “ACT” TOGETHER?

**The Florida Virtual Entrepreneur Center**

free web portal: <http://www.flvec.com/>

# CHECK LOCAL...ALPHABETS

---

- ✘ SBDC
- ✘ Score
- ✘ EDC/EDO

Others...

- ✘ Independent Groups, Consultants
  - ✘ Master Mind Groups
- \*\* DON'T Forget Corporate Resources Like BizSpark!

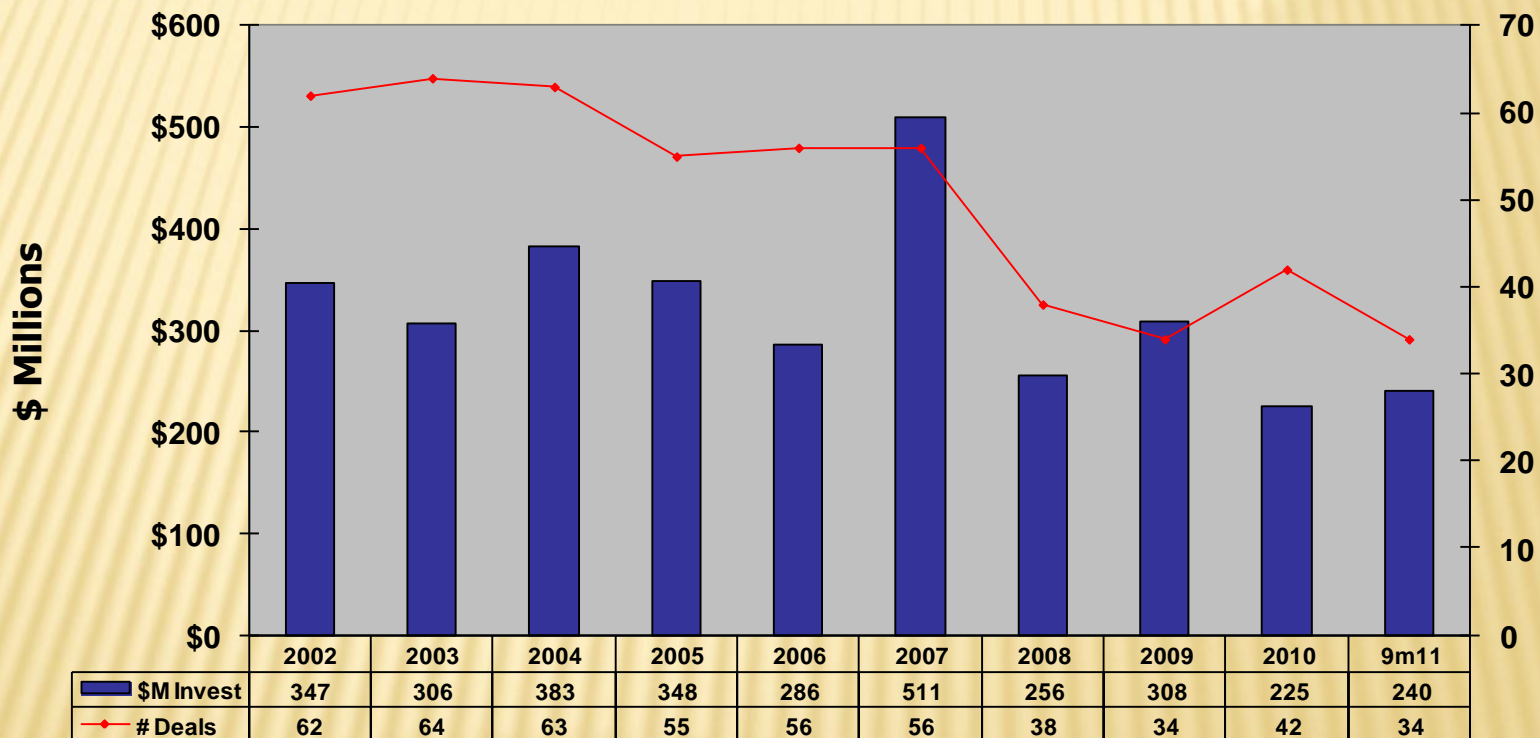
FYI...

---

## BECAUSE I CAN

- ✘ What is really happening in Florida?

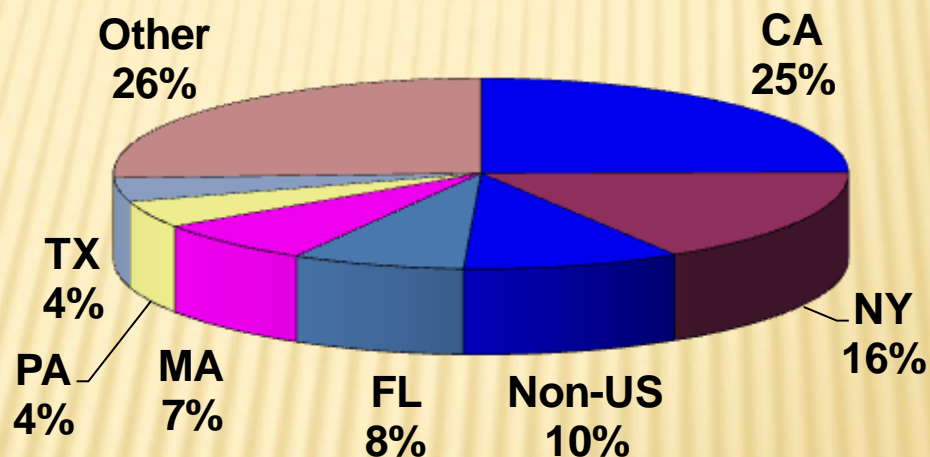
# FLORIDA ACTIVITY HAS BEEN STEADY; SLOWER AFTER 2007



Source: PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report,  
Data: Thomson Reuters

# WHERE ARE THE FUNDS LOCATED WHICH INVEST IN FLORIDA COMPANIES?

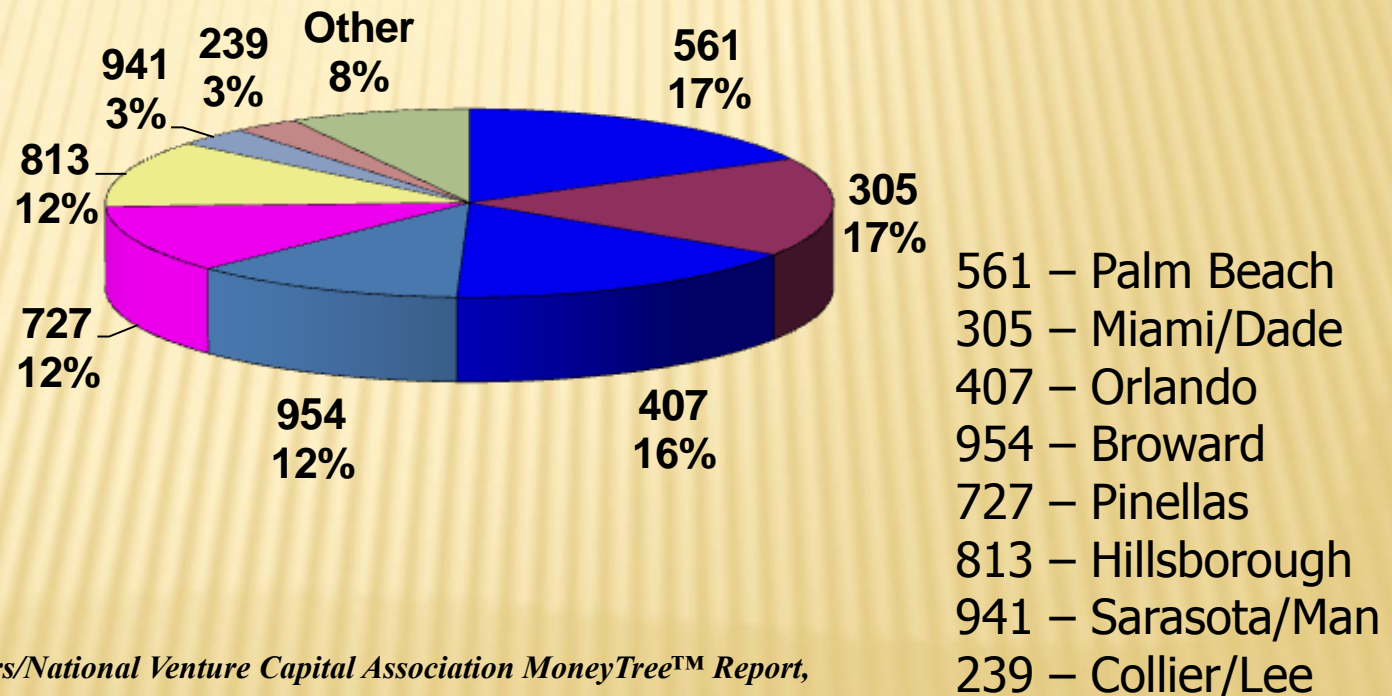
2010 and 9m2011



*Source: PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report,  
Data: Thomson Reuters*

# AND WHERE IN FLORIDA DOES THE MONEY GO? BY PRIMARY AREA CODE FOOTPRINT

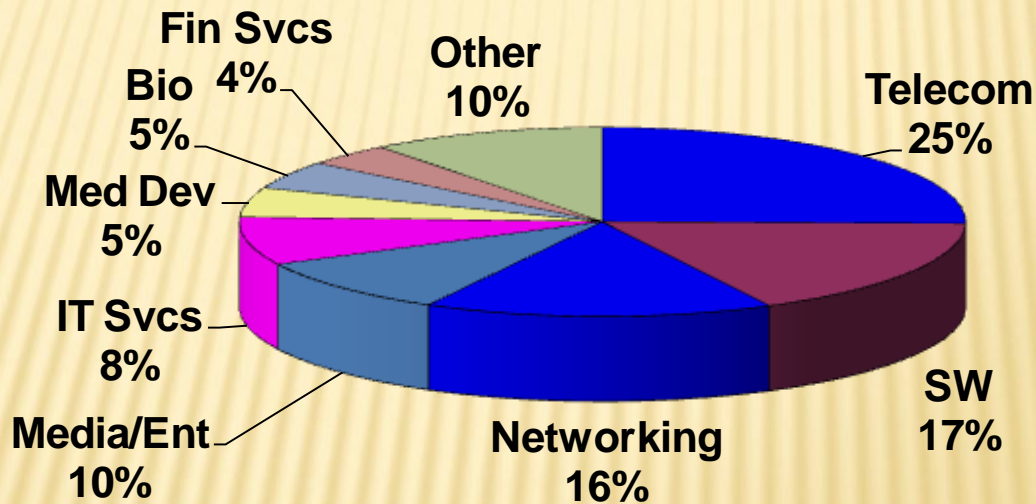
2010 and 9m2011



Source: PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report,  
Data: Thomson Reuters

# SO MUCH DEPENDS ON SECTORS - FLORIDA IS WEIGHTED TOWARD TELECOM AND TECH

2010 and 9m2011



*Source: PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report,  
Data: Thomson Reuters*

**IF YOU WANT BETTER ANSWERS,  
ASK BETTER QUESTIONS!**



---

**THANK YOU...CONTACT SARA AT  
SARA@SPHANDANDASSOCIATES.COM**

✘ Submit your business  
plan: [www.GCVF.com](http://www.GCVF.com)

✘ Build Community:  
[www.BCSRQ.com](http://www.BCSRQ.com)