

Mario M. Casabona
Founder and Principal
Casabona Ventures, LLC

Mario@CasabonaVentures.com

February 15, 2012

SCORE – Northwestern NJ Meeting

Morris County Library – Whippany, NJ

Early Stage Technology
Company Funding

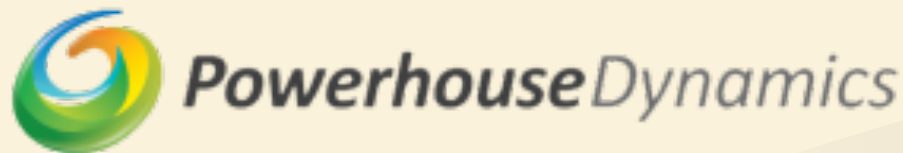
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Industry Experience

- 25+ Year Career in Defense Electronics Industry
- Electronic Engineer with 12 Patents issued.
- Industry experience at ITT, Raytheon, ERI, Honeywell
- Founder & CEO of Electro-Radiation Inc. (ERI)
- 1998 SBA National Tibbetts Award winner
- 2004 sold ERI to Honeywell
- 2010 NJTC Financier of the Year
- Member IEEE, VANJ, NJTC, NDIA, AOC...
- Chairman, Jumpstart NJ Angel Network
- Board Member of For-Profit and Non-For-Profit Organizations
- Currently Angel Investor and Business Advisor

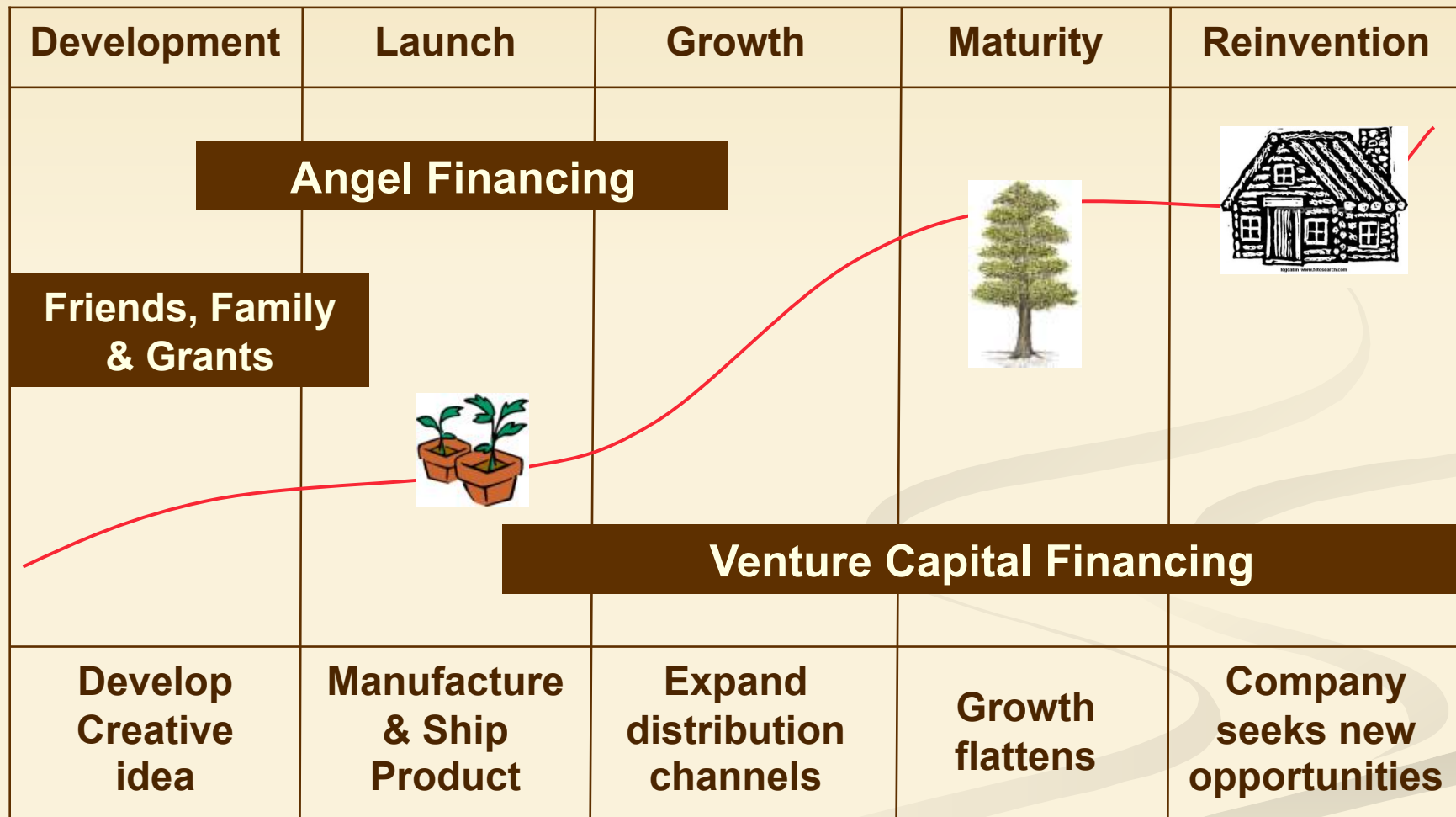
Portfolio Companies



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Typical Company Evolution & Funding



Types of Early Stage Investors

- The 4 F' s:
 - Founders, Friends, Family and Fools
- Angel Investors
 - Passive investors (provide money only)
 - Value-added investors bringing operational and entrepreneurial experience
 - Ideal angel investors (brings BOTH Money and experience)
- Venture Funds (institutional)
 - Much less active than before at early stages

Angel Investors



Bridge Gap Between

Founders
Financing



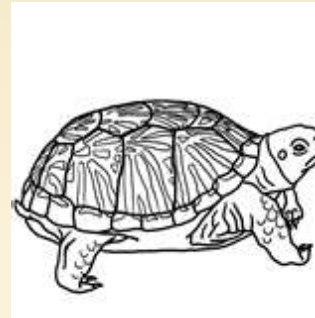
Venture Capitalist

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Typical Funding Process

- Introduction to Investor*
- Investor's Selection Criteria*
- Term Sheet*
- Due Diligence Process
- Stock Purchase Agreement or Note
- Funding Begins
- Monitoring, Mentoring, Moaning and Mourning or REJOICING (?)
- Next Round of Financing
- Possible Exit in Sight



Introduction To Investors



Entrepreneur



**Introduction by
Initial Investor,
Banker, VC,
Professor,
Accounting or
Law Firm,
Internet, etc.**

**ONE Page
Executive Summary**



**10 – 15 Minute
Presentation**

Typical Deal Selection Criteria

- Seed, start-up, and early stage
- Product or Services market need
- Founders commitment
- Sound business plan for building equity
- Strong and Experienced management team
- Proof of concept achieved?
- IP Strategy for sustainable advantage
- Reasonable valuation
- Realistic exit strategy
- Funding needs for initial and subsequent financing
- Geographic location – Angels vs VC financing

Typical Angel Investor Term Sheet

- “The Term Sheet provides a snapshot of and the roadmap to a financing and the issues that the entrepreneurs and financial professionals commit to capture in closing documents for a financing.”*
 - Amount of ‘raise’
 - Set the price (pre-money vs post money, valuation)
 - Seat on the board
 - Define equity type (common vs preferred)
 - Outline multiple financing tranches
 - Anti-dilution protection
 - Right of first refusal
 - Liquidation preference

*Quoted from ‘Deal Terms’ by Alex Wilmerding, Publisher - Aspatore Books

TECH LAUNCH



My New Project

February 14, 2012

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Objective

- Created to Accelerate the Commercialization of Technology.
- Identify and vet most promising idea, technology and team.
- Provide LaunchPad business boot-camp to de-risk early stage obstacles.
- Provide a venue for young entrepreneurs to show case technology and find funding.

Opportunity

- NJ Economic Development Authority (EDA) has chosen **TechLaunch** to create Technology Accelerator in New Jersey.
- NJ EDA will provide \$150,000 per year (for 3 years) and winner to match with \$300,000 per year.
- **TechLaunch** is open for additional investors, sponsors, mentors, industry experts and Program applicants.

Value Proposition

- Efficient access to Deal Flow for Angel investors and early stage institutional funds vetted by domain experts.
- Investor ticket on “Winner” for potential next “home-run” company.
- De-Risk the challenges for early stage enterprises by providing promising entrepreneurs access to “real world” training and network.
- Funding for early stage technology and enterprises to focus in short timeframe on accomplishing meaningful milestones

Strategy

- Create an environment to leverage the strengths of Entrepreneurs, Investors, Service Providers, Public Resources, Universities, and Industry.
- Deliver acclaimed **LaunchPad** training program and mentor experience with networking to attract the next generation of entrepreneurs.
- Solicit “cream-of-the-crop” technology proposed by highly qualified teams and select participants by industry experts.
- Provide seed funding to 12-15 new enterprises (“NEW COs”).
- Provide legal, financing, marketing, sales, business development, and technical mentors.
- Provide \$18,000 of seed funds per “NEW CO” in exchange for 10% equity, Board Seat, and Investment Preferences.

Competition (PA, NY, None in NJ)

- TechStars, <http://www.techstars.org>
- Y-Combinator, <http://www.ycombinator.com>
- Dream-It Ventures, <http://www.dreamitventures.com>
- Various national and global accelerators primarily run by Universities and State agencies

TECHLAUNCH

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Contact info: Mario M. Casabona
mario@casabonaventures.com

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