

# How to Find an Investor in a Hot Start-Up Market

Presented to

**Venture Association of New Jersey**

By

**Mario M. Casabona**  
**Casabona Ventures, LLC**

Founder and CEO

April 23, 2013

CASABONA VENTURES

# Agenda

---

- **Technology Accelerator**
- **Angel Investors**
- **Crowd Funding**
- **Final Message**

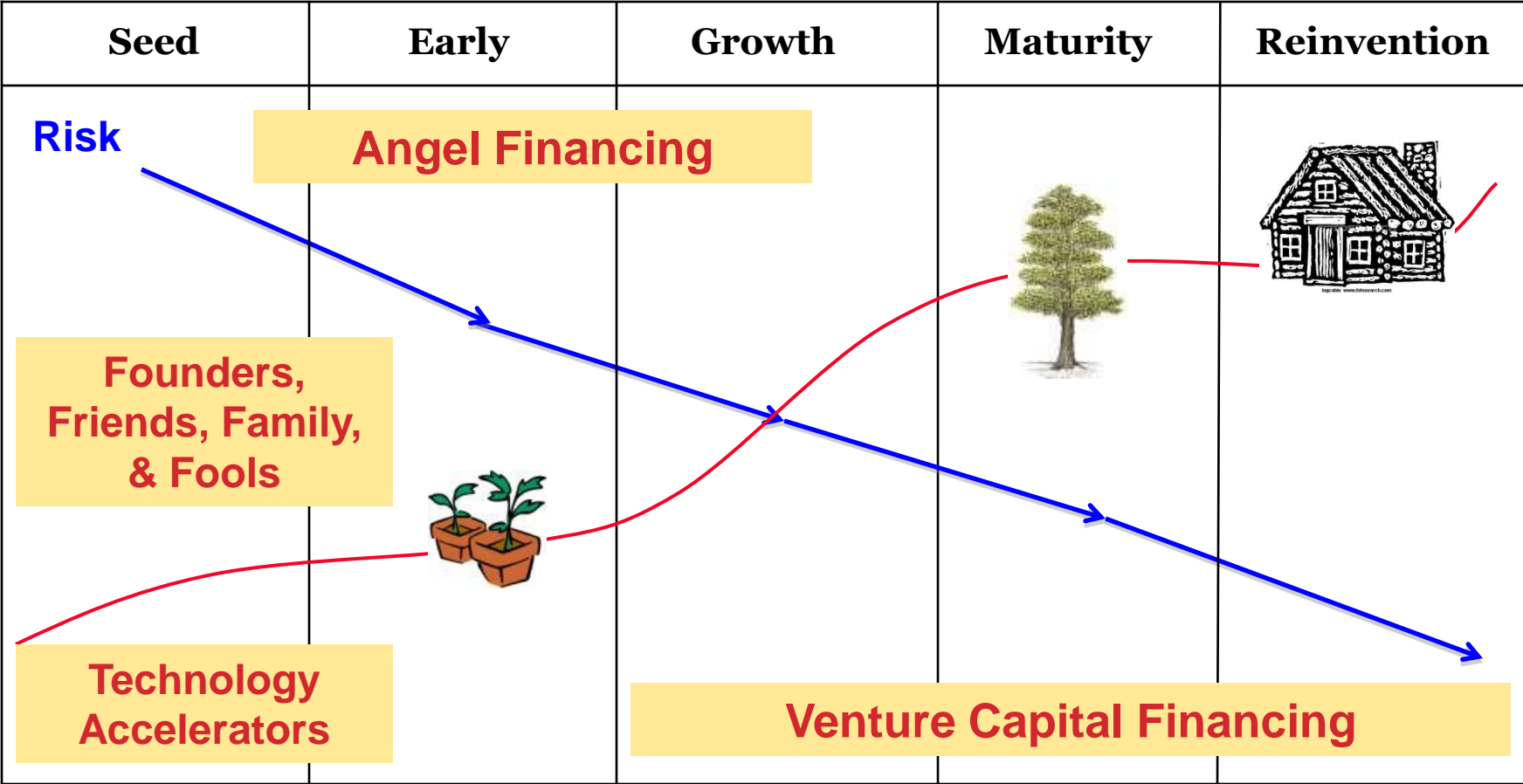
# My Portfolio Companies



Oil Exploration Company

Oil Drilling Equipment

# Funding Eco-System



# Tech Accelerator & Entrepreneur

---

- Provides Seed Capital
- Provides Co-working space for founders
- Provides Intense Business Training (3-4 Months)
- Provides Instructional as well as Motivational Guest Speakers
- Practice Pitching to a panel of Entrepreneurs and Investors
- Mentors and Professional Services
- Access to Seed and Early Stage Investors

# Tech Accelerator & Investor

---

- Vet the most promising ideas, technologies and teams
- Invests Seed Capital from a Fund to Spread Risk
- Accelerate the commercialization of new technology to shorten “time to exit”
- Provides business program to de-risk early stage obstacles and raise Valuation
- Provides a venue for Investors to Mentor Team and Participate in Company Formation
- Provides Opportunity to be First Investor

# Industry Focus

---

TECHLAUNCH



Social Media  
Web Technology  
Information Technology  
Health Care  
Pharmaceutical  
Electronics  
Communications

Security  
Bio-Tech  
Medical Technology  
Chemical  
Manufacturing  
Environmental  
Energy...

# 2012 Activities

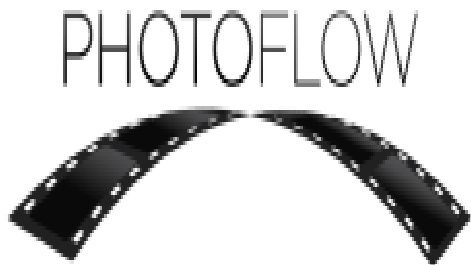


**TECHLAUNCH**

CASABONA VENTURES



# 2012 Portfolio Companies **TECHLAUNCH**



# 2013 Program Overview

## Seed Investment

- Raw Idea, Product and Team
- Up to \$25K Seed Capital
- 10% Equity
- Shared Workspace
- Optional Living Space on Campus

## 16-Week LaunchPad Program

- 1-on-1 Mentorship
- Business Training: Product Development, Operations, Sales and Marketing, IP, Fundraising, etc.
- Special Guest Speakers
- Social Events
- Investor Access
- Build Investor Pitch

## Follow-on Funding

- Investor Conference and Demo Day
- Continued access to early-stage investors
- Networking
- 3 Month Co-working Space

**TECHLAUNCH**

# How to Find an Accelerators

---

Currently there are many public and privately funded accelerators in Nationally and International.

- TechStars ([www.techstars.org](http://www.techstars.org))
- Y-Combinator ([www.ycombinator.com](http://www.ycombinator.com))
- Dream-It Ventures ([www.dreamitventures.com](http://www.dreamitventures.com))
- ERA ([www.eranyc.com](http://www.eranyc.com))
- Tiger Labs ([www.tigerlabs.co](http://www.tigerlabs.co))
- TechLaunch ([www.TechLaunch.com](http://www.TechLaunch.com))



# Angel Investors



## Bridge Gap Between

(Early Stage Financing)

Founders,  
Family,  
Friends,  
And Fools  
Financing



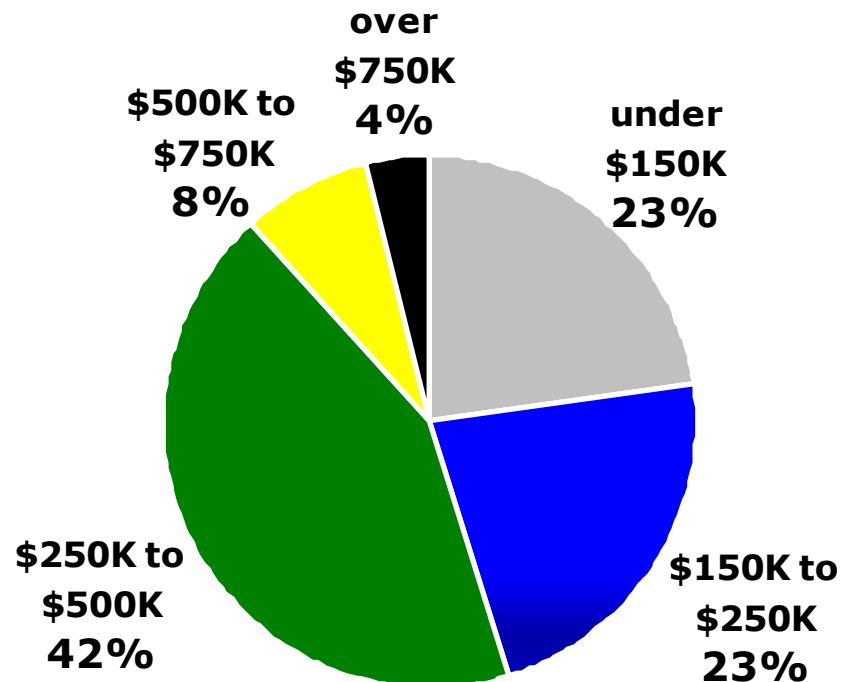
Venture Capitalist

# Typical Angel Group Investment Size

67% of Angel Groups Invest \$150K to \$500K per Deal

- Investment surprisingly broad
- Average deal size increasing
- Syndication needed among groups to fill rounds entrepreneurs need

## Angel Group Investment Size



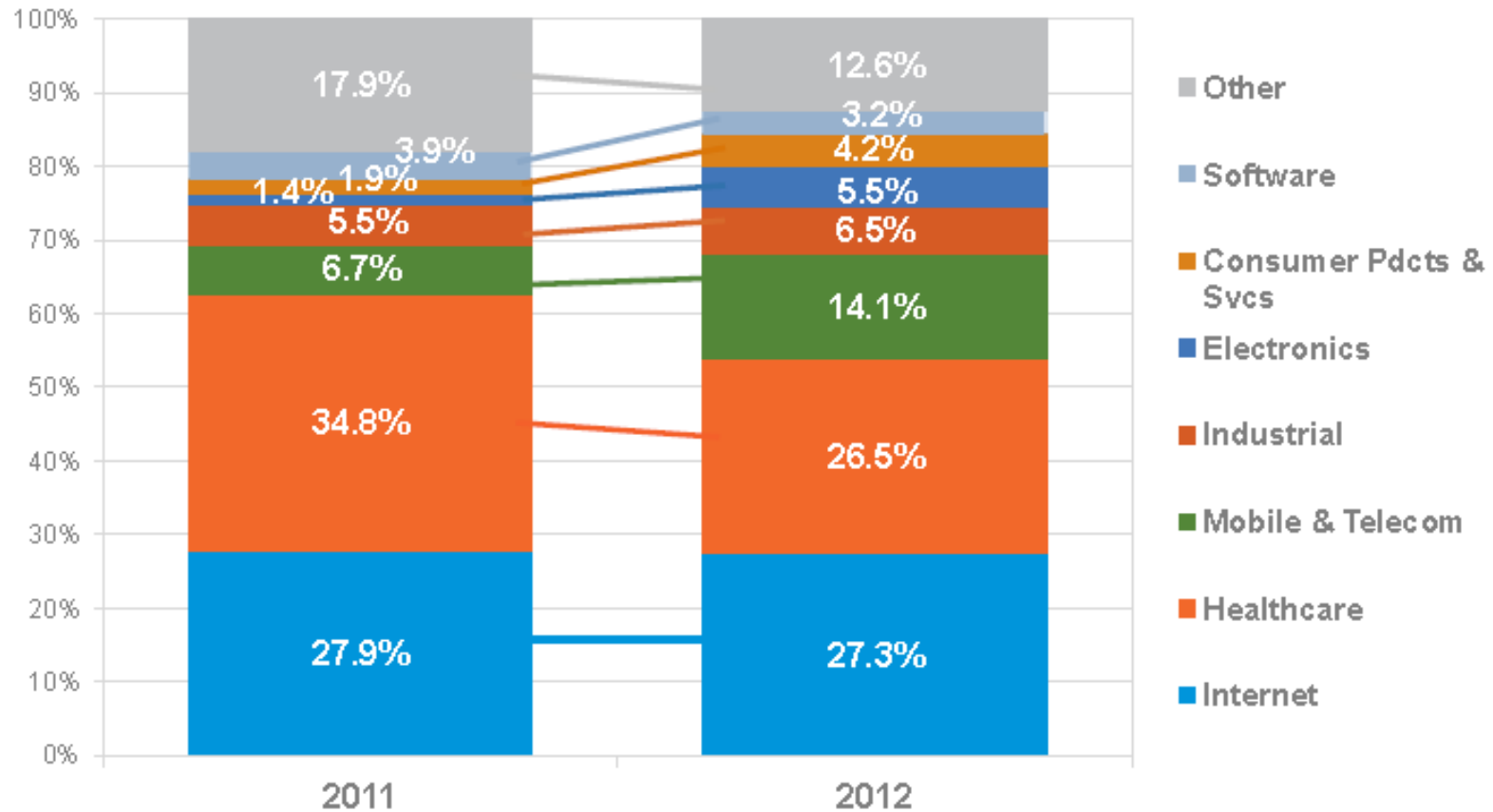
Source: ACA Confidence Survey, 2012

# Early Stage Pre-Money Valuations



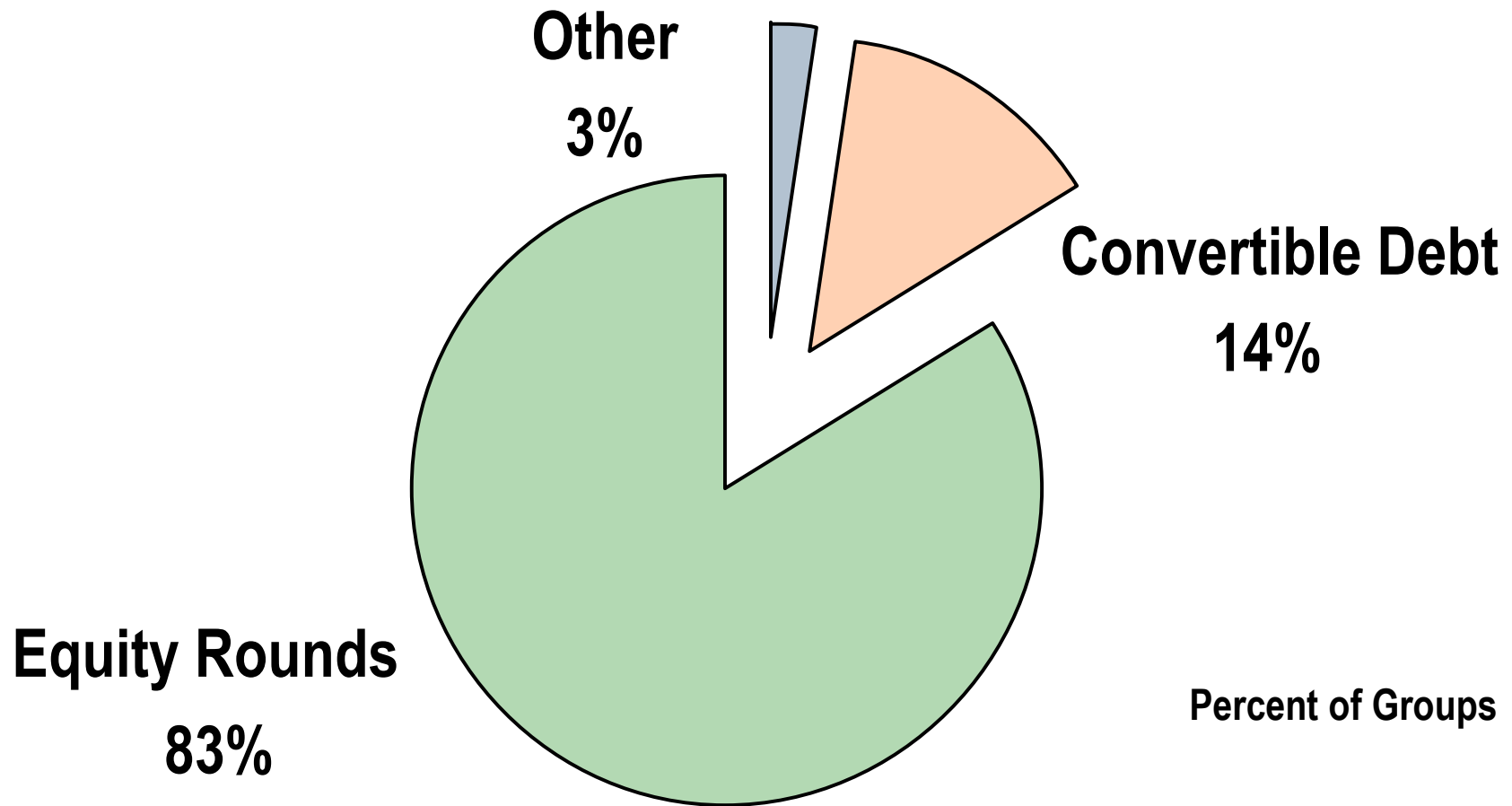
Source: 2012 HALO Report

# Industry Sectors



Source: 2012 HALO Report

# Preferred Deal Terms



Source: ACA-SVB Confidence Survey – March, 2010



# Angel Investor Provides

---

- Much needed Early Stage Funding
- Team and Product Validation
- Credibility for the Next Round of Funding
- Experience and Mentorship to the Team
- Seat on Board for Guidance
- Access to “Dry Powder” and Series A Connections

# Angel Investor Selection Criteria

---

- Early Stage - Either Pre-Revenue or Revenue
- Product or Services market need
- Sound business plan for building equity
- Strong and Experienced management team
- Prototype or Beta
- IP Strategy for sustainable advantage
- Realistic Valuation and Exit Strategy
- Funding needs for initial and subsequent financing
- Geographic location – Angels vs VC financing

# How to Find Angels?

---

- Events with companies and investors - VANJ
- Angel groups Websites list events where they will attend or speak
- Talk with other early stage entrepreneurs
- University Tech Transfer Offices
- Tech MeetUps
- BEST– Warm Introduction

# Angels vs. Venture Funds

---

## Angel Investors 2011

- US \$22.5 billion
- ~66,200 deals
- 42% seed/startup
- 57% early/expansion stage
- 318,500 individuals

## Venture Capital 2011

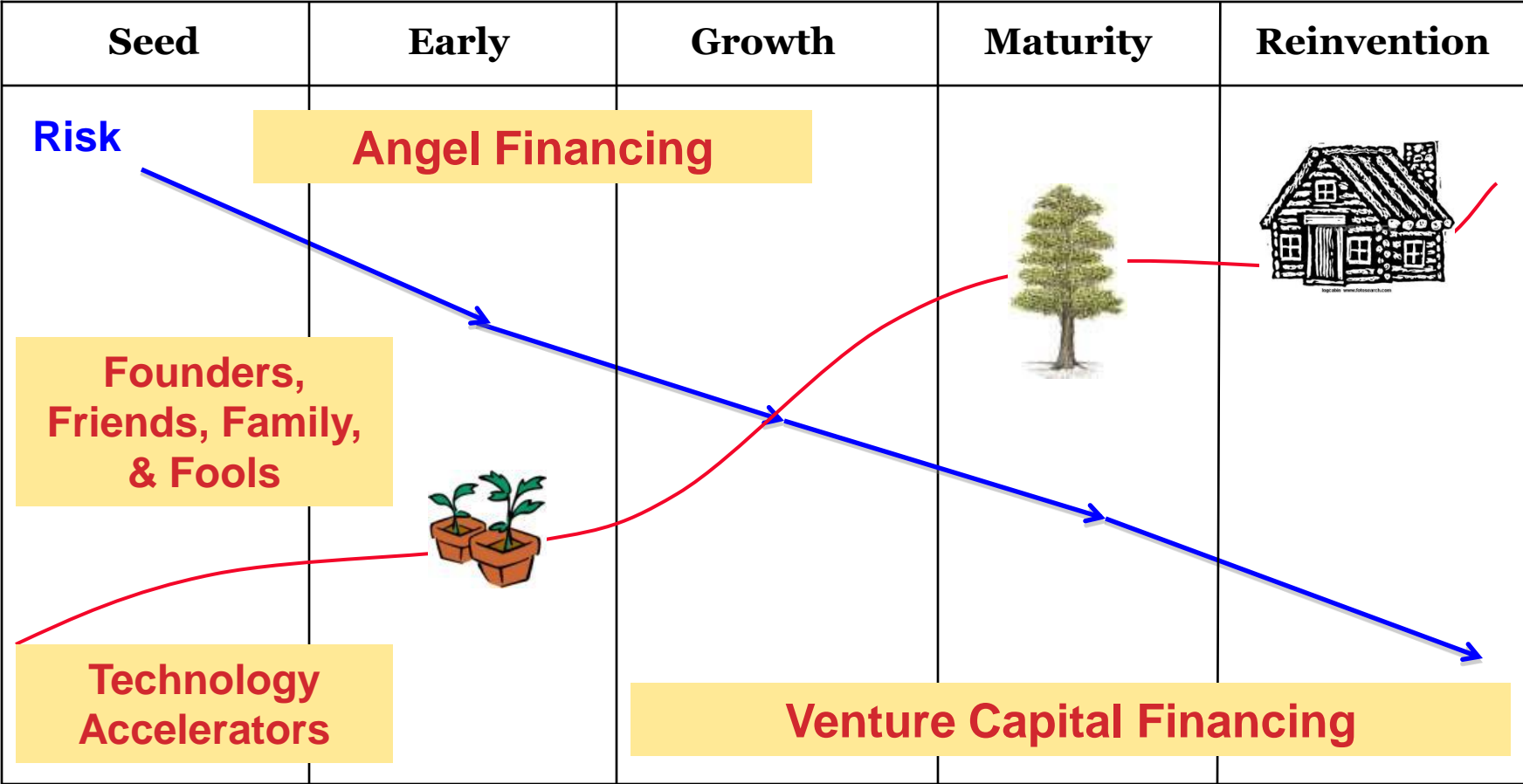
- US \$28.4 billion
- ~3,750 deals
- 3% seed/startup/ 29% early stage
- 68% later/expansion capital
- 462 firms active

# Crowd Funding as an Alternative

---

- Various Platforms Exists
- Laws are not yet written
- Accredited Investors Can Use Platforms
- Some Angels are OK...Most VC are Not
- VC's are Cautious Due to Quantity of Investors
- Non-Participating Investor

# Funding Eco-System



# Final Message

---

- **Investors Look For:**
  - **Strong and Committed Team**
  - **Exit**
  - **Market Need and Traction**
  - **Competitive Advantage with Barriers to Entry**
- **Entrepreneurs Look For:**
  - **Mentorship/Board Seat on as needed basis**
  - **Dry Powder**
  - **Introductions to other Investors**
  - **Introductions to Strategic Partners or Sales Channels**

# Contact Information

---

Mario M. Casabona  
Office: 973-433-4545

Casabona Ventures LLC  
Founder and CEO  
Mario@**CasabonaVentures.com**

