

Seed and Early Stage Eco-System

Presented to:

Morris Meetup

at

Fairleigh Dickinson University

By

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TechLaunch

Founder and CEO

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Agenda

- Brief Introduction
- Angel Financing – Early Stage
- TechLaunch Tech Accelerator – Seed Stage

My Background - Career

- **Electronic Engineer**
- **25+ Year Career in Defense Electronics Industry**
- **Patents – 6 US and 6 International.**
- **1982 Founder of Electro-Radiation Inc.**
- **2004 sold ERI to Honeywell**
- **2007 Founder of Casabona Ventures**
- **2012 Founder of TechLaunch**
- **Current Angel and Value Added Investor**

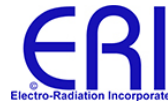


Honeywell

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TECHLAUNCH[®]

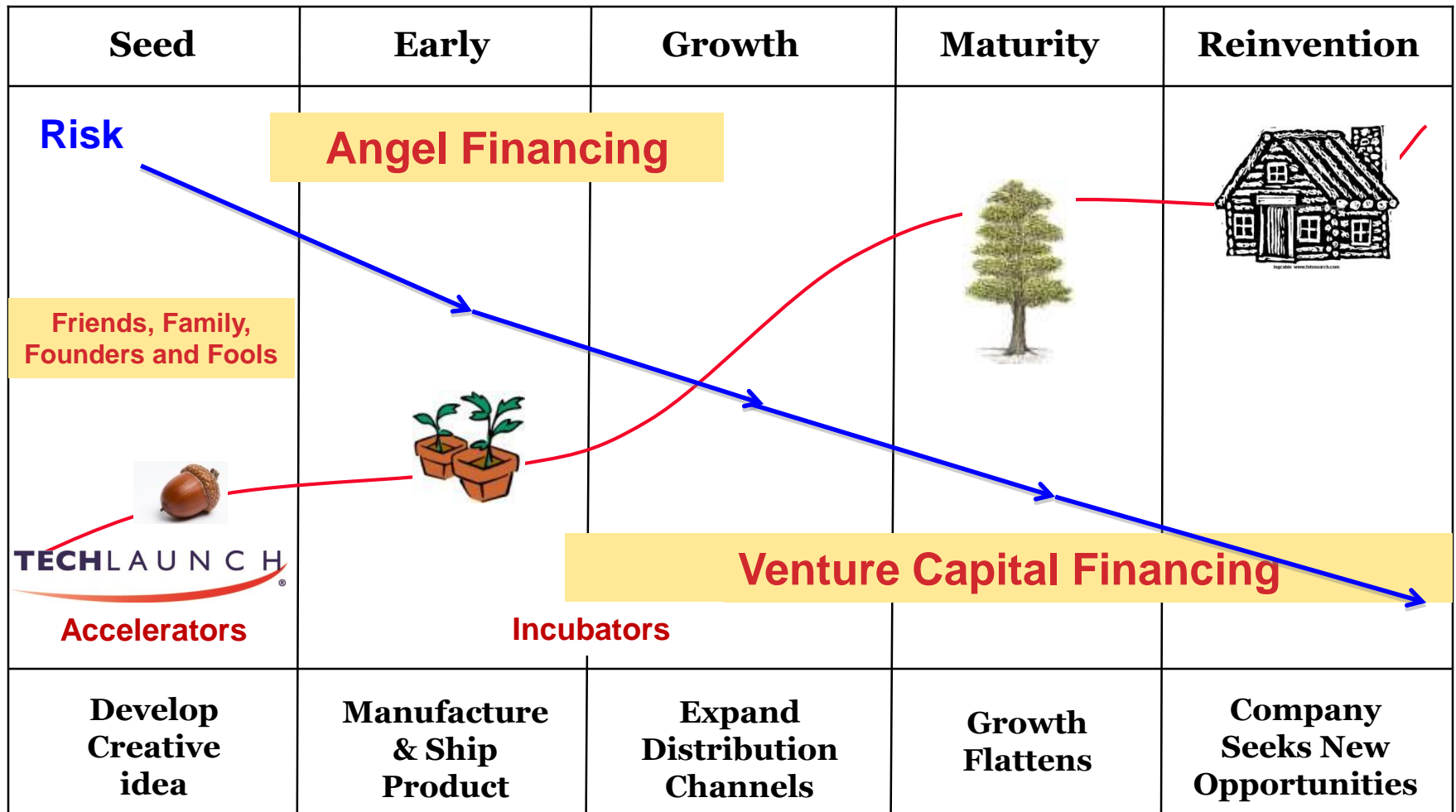
My Portfolio Companies (>2007)



Oil Exploration Company

Oil Drilling Equipment

Funding Eco-System



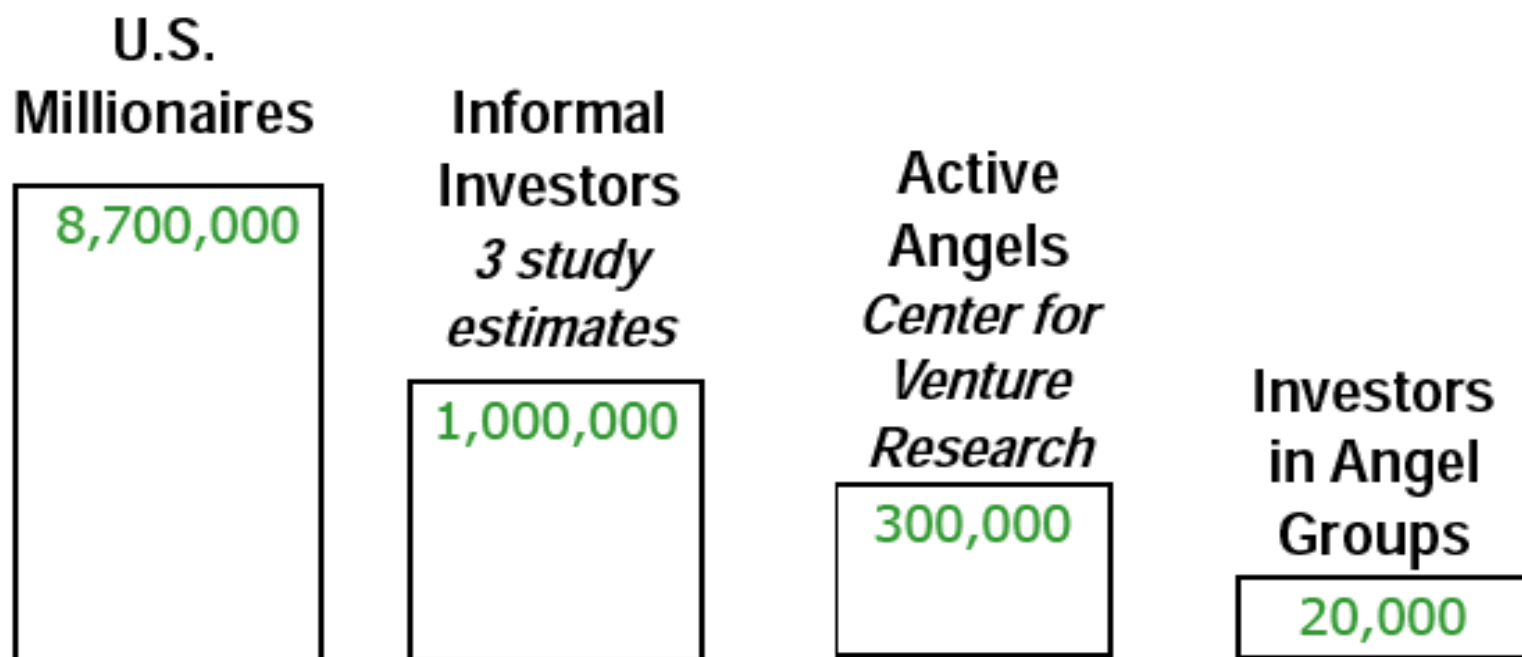
Early Stage - Investors

- Individual Angels – High Net Worth Individuals
- Angel groups, i.e. Jumpstart NJ Angel Network
- Early Stage Venture Capitalists
- Typically Invest \$250K to \$2Million
- Look for a 12-24 Month Run Way
- Equity or Convertible Promissory Note
- Typically Want 15 to 20% equity
- Value Added Investors
- Geographical location – within 2 hrs. commute



ANGEL CAPITAL ASSOCIATION

Angel Groups are Small - *but Important* - Subset of All American Angels



Sources: Spectrem, academic studies, 2013



ANGEL CAPITAL ASSOCIATION

Angels Fund Majority of Startups in USA

Angels Provide ~90% of Outside Equity for Startups

Angel Investors (2013)

- \$24.8 billion
- **71,000 deals**
- 32,000 seed
- 29,000 early stage
- 9,200 expansion
- > 298,000 individuals

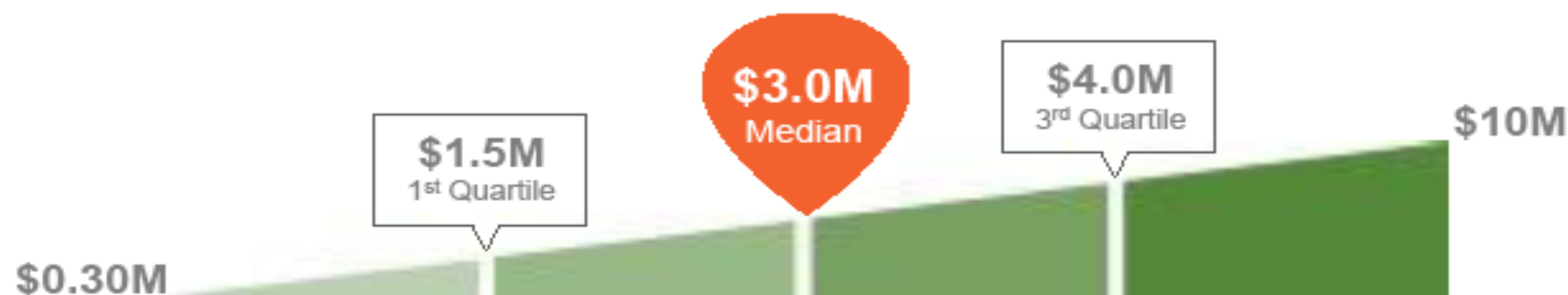
Venture Capital (2013)

- \$29.6 billion
- **4,050 deals**
- 120 seed
- 1,375 early stage
- 2,550 later/expansion
- 548 active firms

Sources: Center for Venture Research/ UNH; NVCA 2014 Yearbook; PwC MoneyTree

Median Pre-Money Valuation Continues to Rise Quarter over Quarter

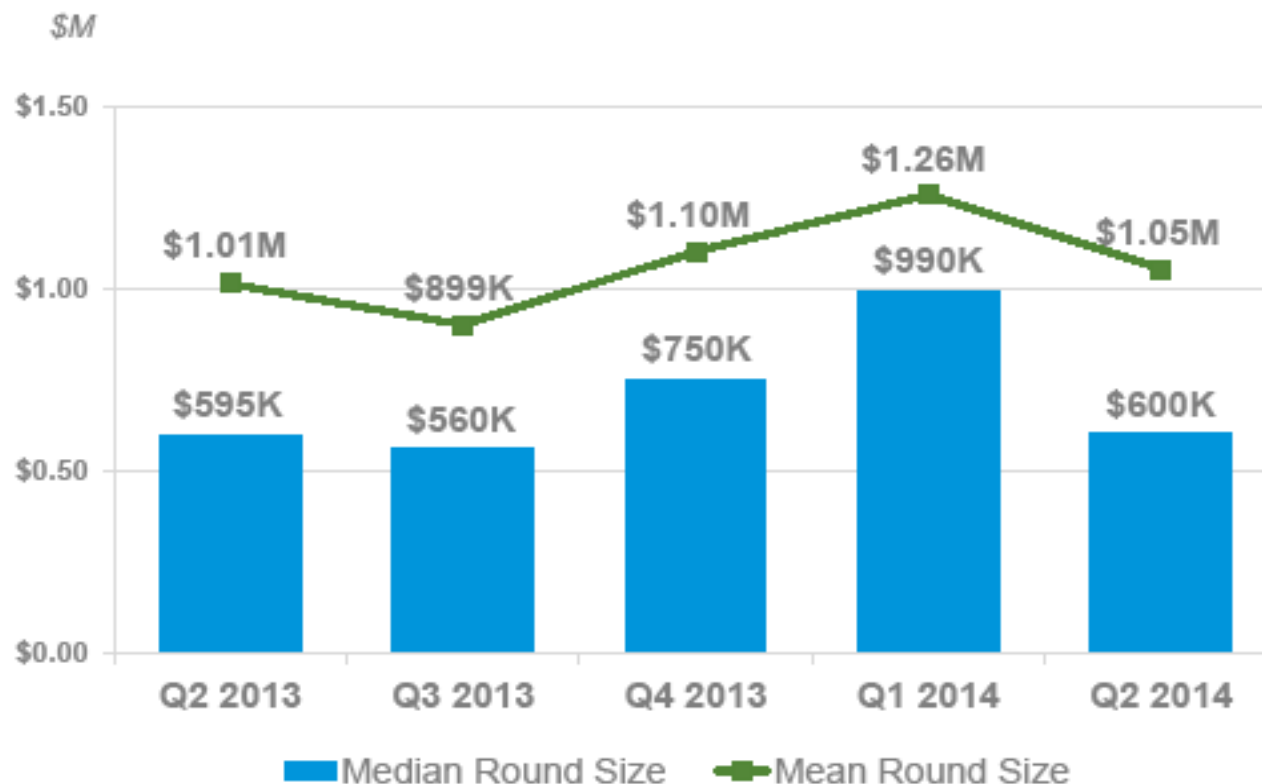
Pre-Money Valuation Up from \$2.7M in Q1 2014 and \$2.5M in 2013



* Including all rounds with angel groups pre-series A over rolling four quarters

Median Angel Round Size Falls in Q2 2014

Mean Angel Round Size Also Decreases Proportionally



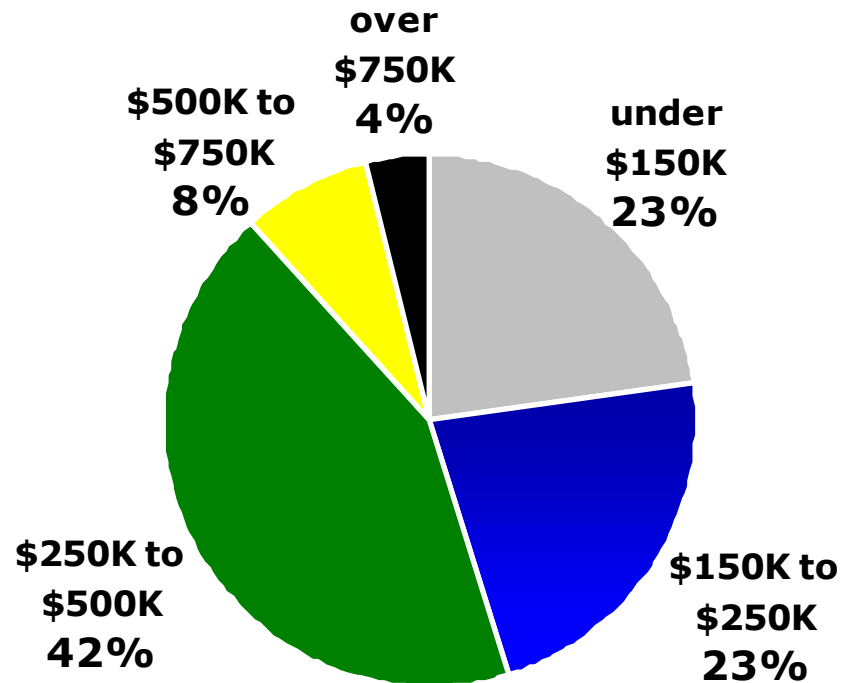
*Angel rounds include angels & angel groups only

Typical Angel Group Investment Size

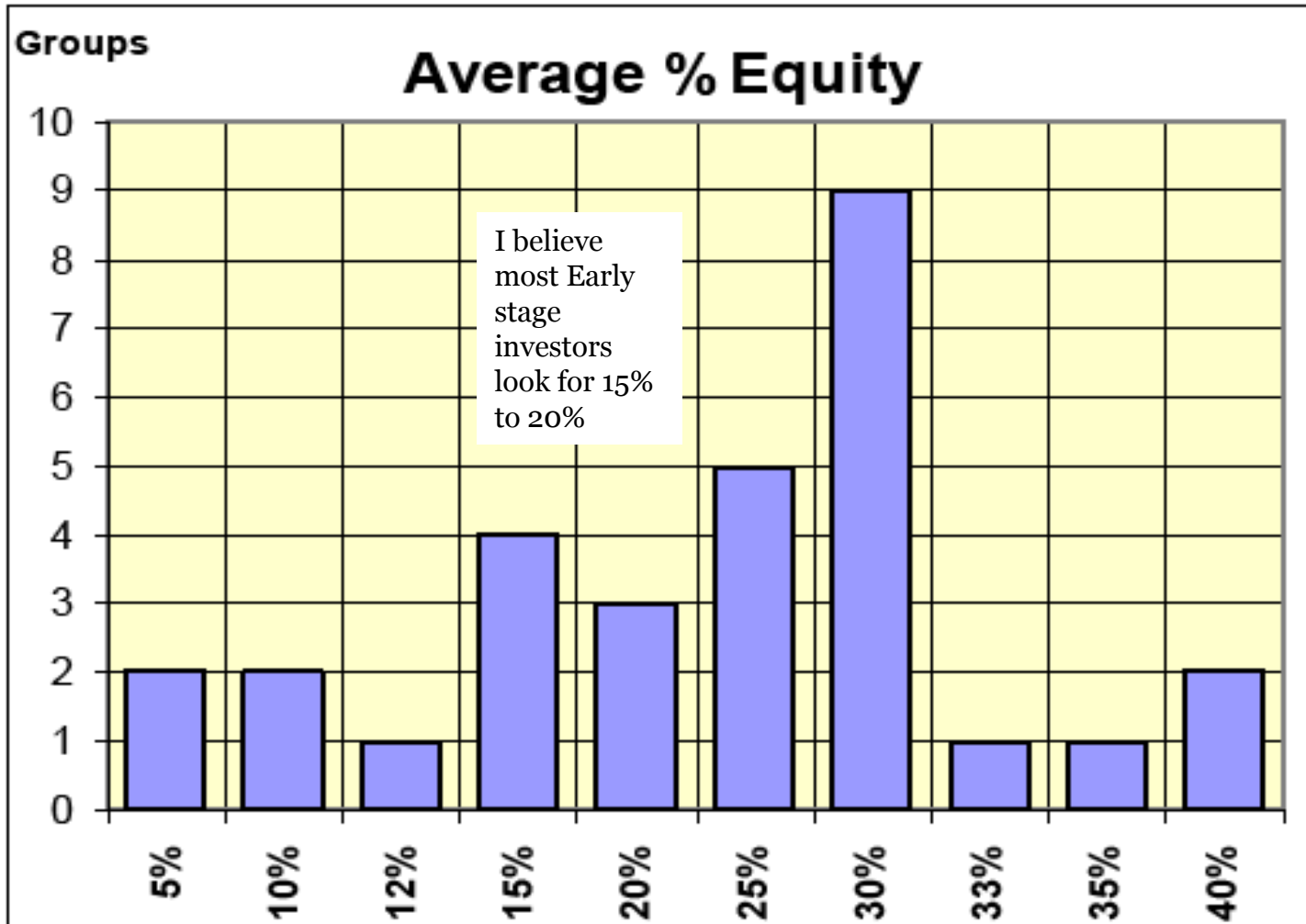
67% of Angel Groups Invest \$150K to \$500K per Deal

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

Angel Group Investment Size

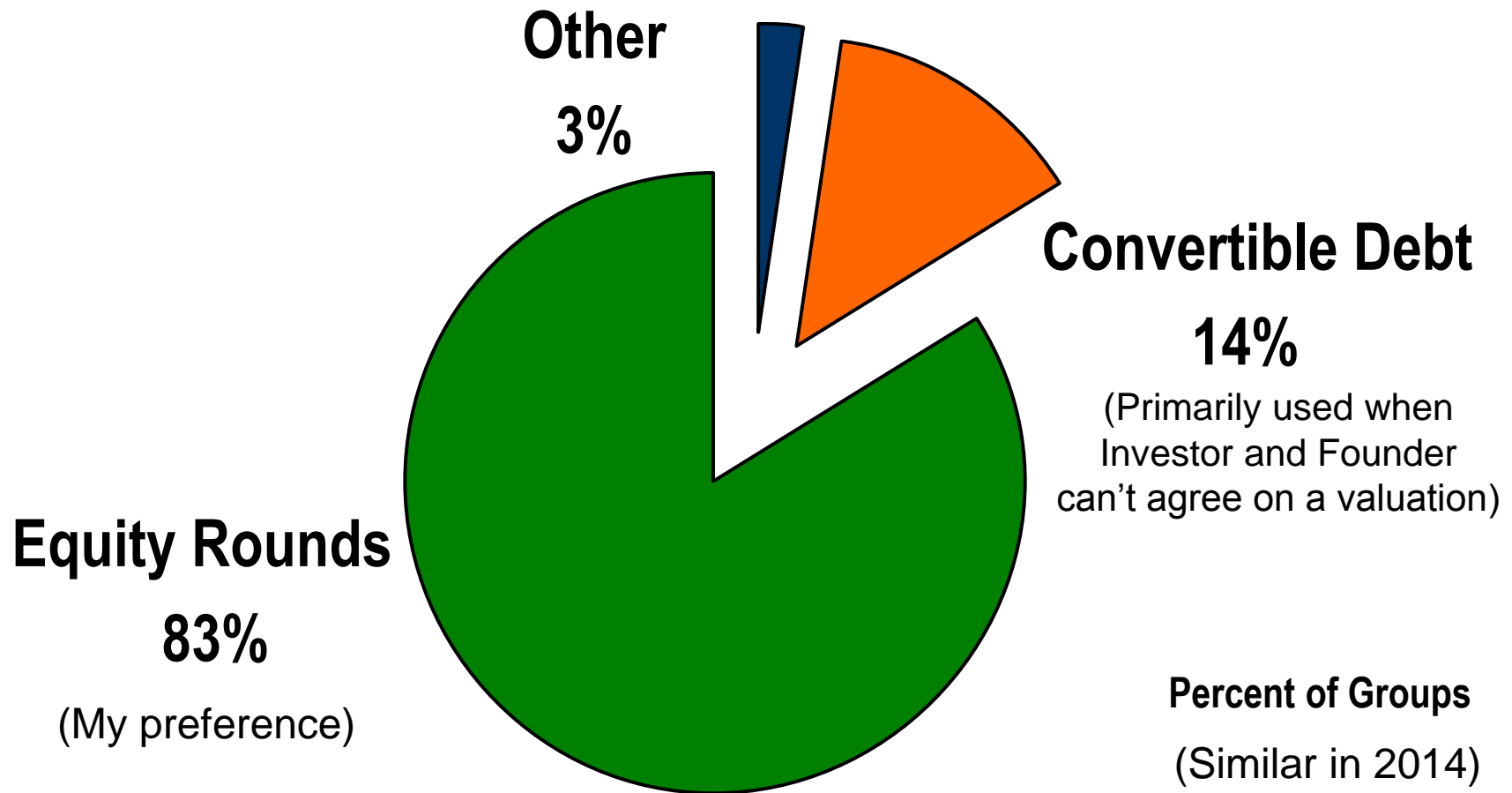


Source: ACA Confidence Survey, 2012



39 groups reporting (Caution: source data is incomplete & unverified)

Preferred Deal Terms



Source: ACA-SVB Confidence Survey – March, 2010

Angel Group Returns*

- 27% Internal Rate of Return.
- 2.6 Times in 3.5 Years.
- 7% of Exits returned >10 Times initial Investment.

*Ewing Marion Kauffman Foundation and the Angel Capital Education Foundation report.

Angel Investors



Bridge Gap Between

TECHLAUNCH

Founders
Financing



Venture Capitalist
(Most are great looking)

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Typical Angel Investor Selection Criteria

- Seed, start-up, and early stage
- Product or Services market need
- Founder's commitment and Awesome Team
- Sound business model 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

Introduction Process

Entrepreneur



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

**ONE Page
Executive Summary**



**10 – 15 Minute
Presentation**



New Jersey's Technology Accelerator

www.TechLaunch.com

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Objectives



1. Identify the most promising technologies and teams
2. Accelerate the commercialization of new technology to shorten “time to exit”
3. Provide 16 week business *Bootcamp* program to de-risk early stage obstacles and raise Valuation
4. Provide Co-working space to build out product, create investor pitch deck and bond with TL community
5. Provide a venue (Demo Day) to showcase technology (“Demo Day”) and facilitate fundraising efforts
6. Provide access to early stage funding

Industry Focus



Social Media
Web Technology
Mobile Apps
E-Commerce
Health IT
Electronics

Security
Machine to Machine
Machine to Internet
Medical Tech
Telecommunications
Energy...

REQUIREMENT: BUSINESS PITCH & PRODUCT DEMO IN 16 WEEKS

Tech Accelerator Program Overview

16-Week TechLaunch Program

- Mentorship & 1-1 Coaching
- Business Training: Product Development, Operations, Sales and Marketing, IP, Fundraising, etc.
- Special Guest Speakers
- Social Events
- Investor Access
- Build Investor Pitch
- Product demo
- Co-working space

Welcome to TechLaunch

- Awesome Team
- Minimum Viable Product

Follow-on Funding

- Investor Conference and Demo Day
- Continued access to early-stage investors
- Networking



16 Week Program Activities



Access to Mentors (>130)



Achievements



- 30 Months in Operation
- >\$2 Million in Follow-On Funding
- Three Bootcamp Programs
- 26 Company Launches (20 NJ's)
- >65 Founders/Entrepreneurs Graduated
- >55 Interns Participated
- >130 Mentors
- 16 WorkShop Facilitators (TL 3)
- 21 Guest Speakers (TL 3)
- >25 Mentors - Office Hours (TL 3)
- 53 Pitch Practice Panelists (TL 3)

Team



Piera Accumanno
Program Administrator

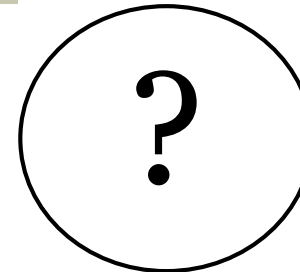


Mario Casabona
Founder and CEO



Joshua Trojak
Operations Manager

Zafer Nuralis
Program Assistant (Intern)



New Hire
Program Assistant (Intern)



Will Wnekowicz
Web Designer In Residence



Norma Casabona
PR & Communications



David Deutsch
SocMed Strategist in Residence



Rob Ripp
CFO in Residence

Contact Information



TechLaunch 2



TechLaunch 3



TechLaunch 1



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