

Presentation to
Seton Hall University
Entrepreneurial class
Mr. Tom Basilo
September 28, 2010










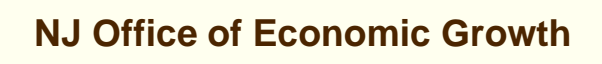

Early Stage (Angel) Financing

Casabona Ventures, LLC
Mario M. Casabona
Founder

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 Tibbett 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

Typical Company Evolution & Funding

Development	Launch	Growth	Maturity	Reinvention
  	  	 	 	
Angel Financing		Venture Capital Financing		
Creative idea	Product shipped	Expand distribution channels	Growth flattens	Company seeks new opportunities

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

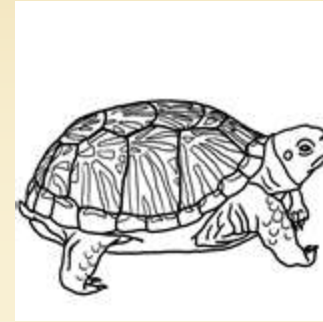
Founders
Financing



Venture Capitalist

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?
- Strong proprietary hooks 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

Words of Wisdom

- Know your market and customer needs
- Flexibility
- Communicate and Execute the Plan
- Befriend a Bank
- Great Board of Advisors or Directors
- Best Management Team
- Known Legal and Accounting Firms
- Know your strengths and weaknesses
- CEO sets culture and expectations
- Confidence

Do's and Don'ts

- Cash Flow, Cash Flow, Cash Flow
- Waiting for ?????? to come in
- Making shallow decisions
- Not listening
- Always perform lessons learned exercise
- Taking things for granted
- Assuming the job/task will get done
- Set milestones and monitor performance
- Not taking it personal – IT IS ALL PERSONAL

Good Luck

Hope this helped.

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