

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

Presented to

Venture Association of New Jersey

By

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CASABONA VENTURES

Agenda

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

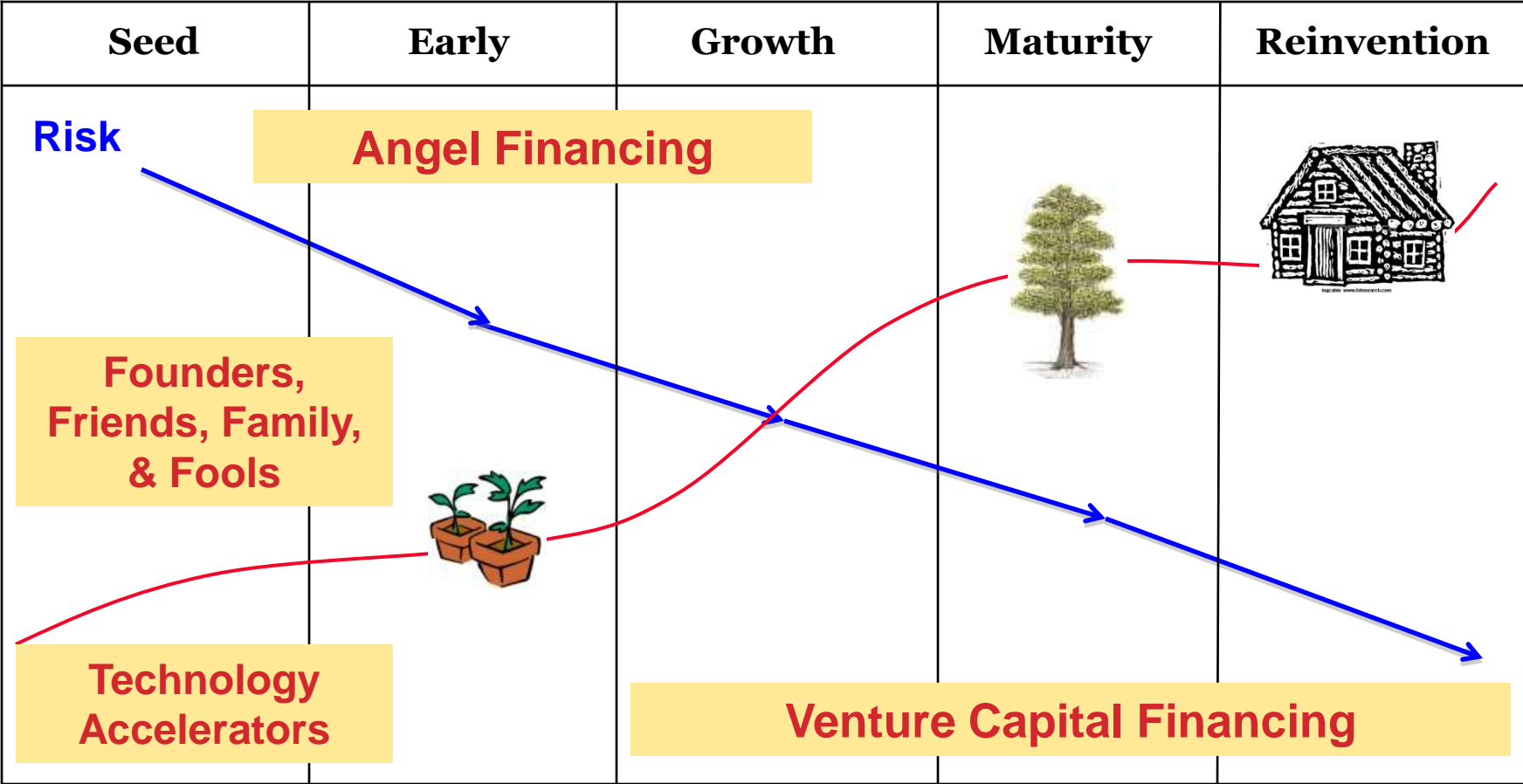
My Portfolio Companies



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



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)
- Y-Combinator (www.ycombinator.com)
- Dream-It Ventures (www.dreamitventures.com)
- ERA (www.eranyc.com)
- Tiger Labs (www.tigerlabs.co)
- TechLaunch (www.TechLaunch.com)



Angel Investors



Bridge Gap Between

(Early Stage Financing)

Founders,
Family,
Friends,
And Fools
Financing



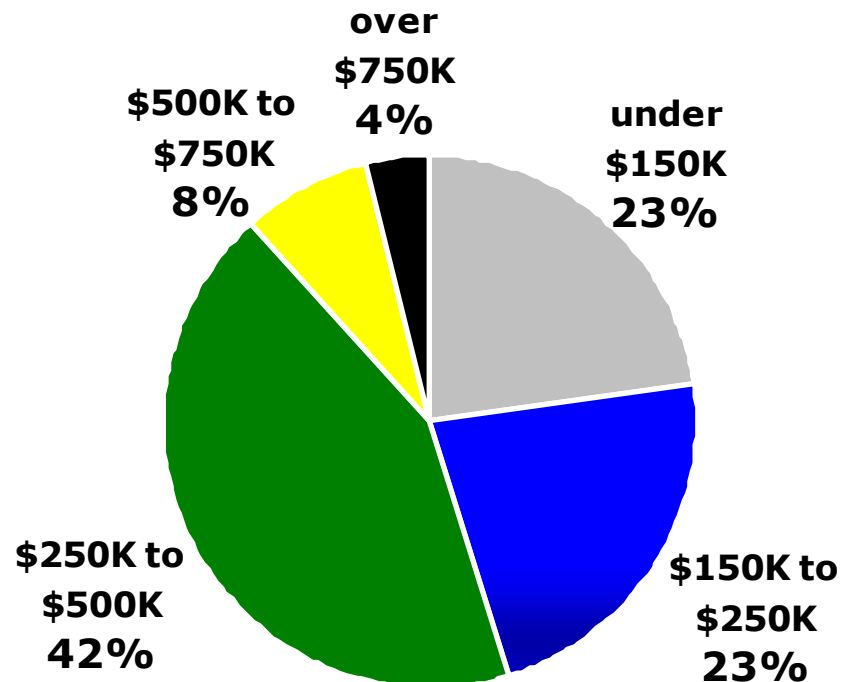
Venture Capitalist

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



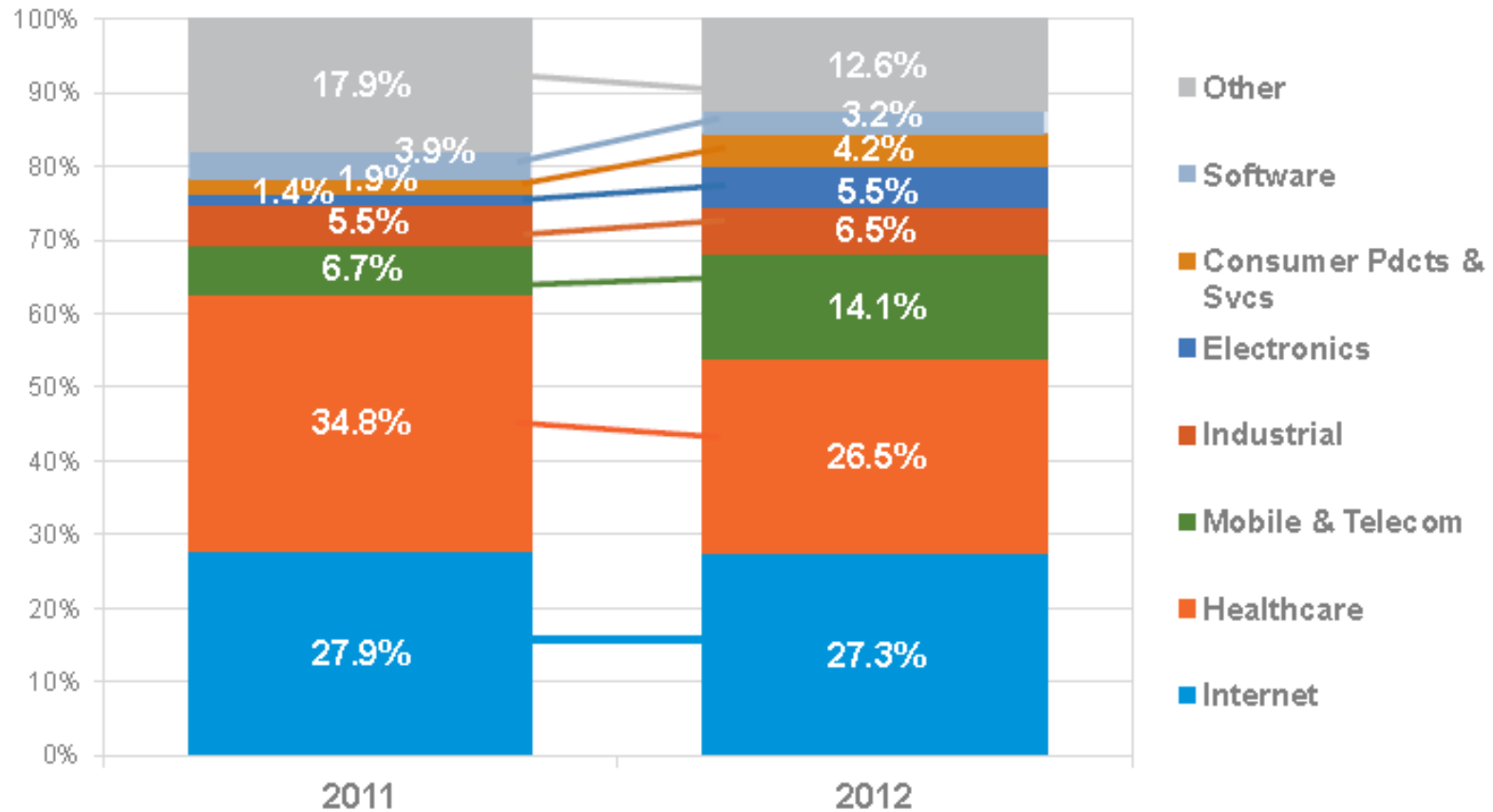
Source: ACA Confidence Survey, 2012

Early Stage Pre-Money Valuations



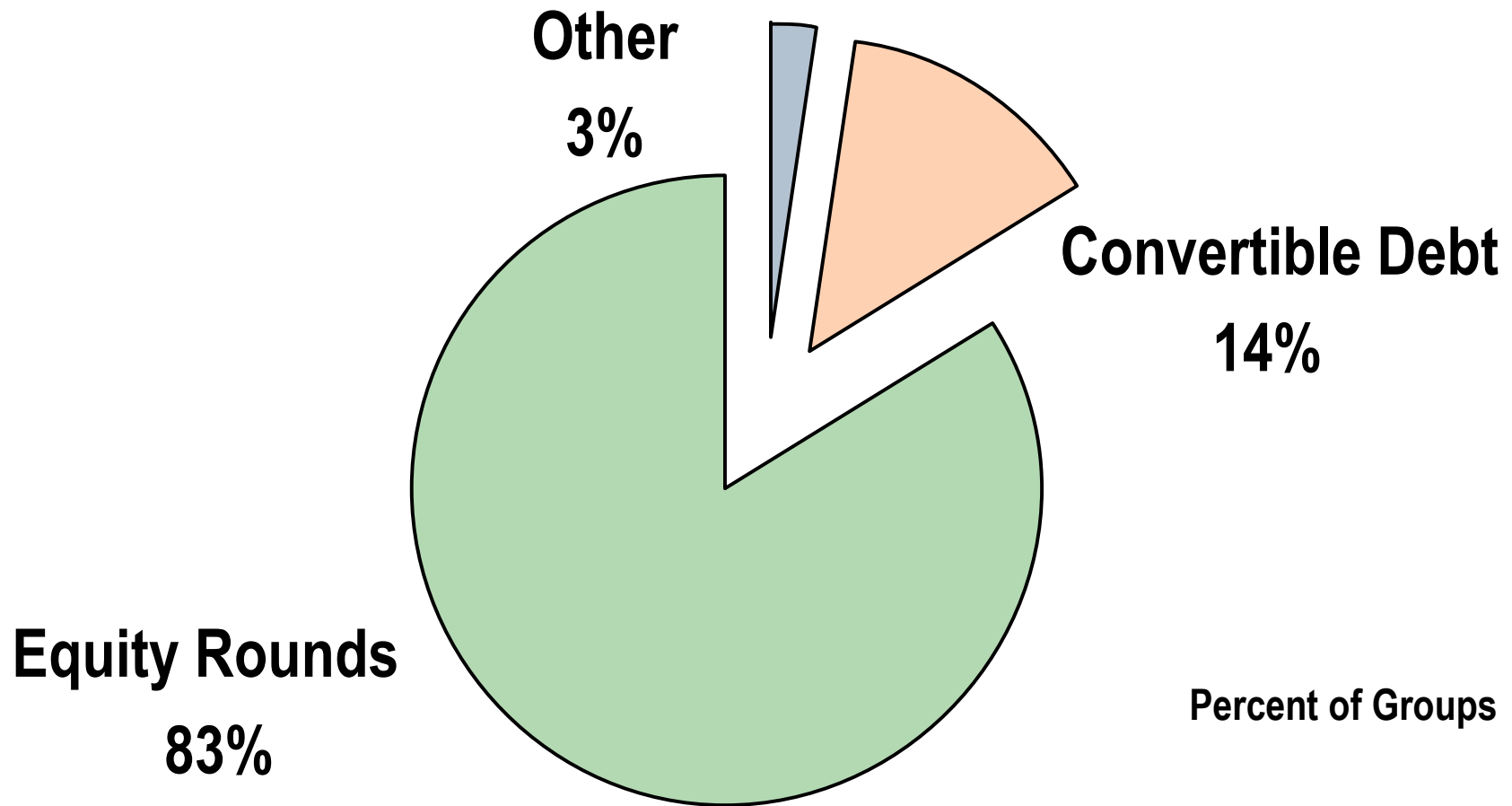
Source: 2012 HALO Report

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

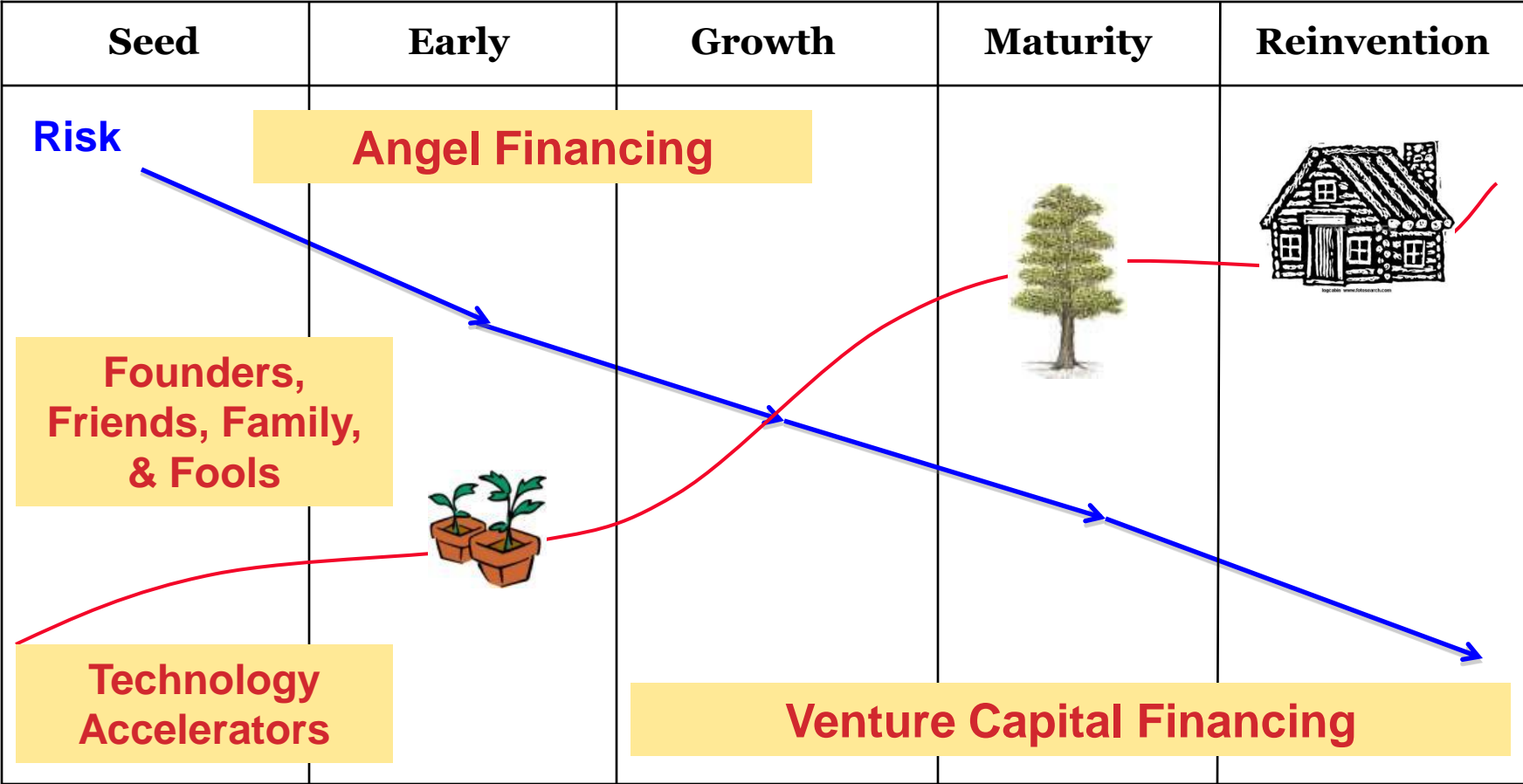
Venture Capital 2011

- 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**

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