



Funding the Valley of Death

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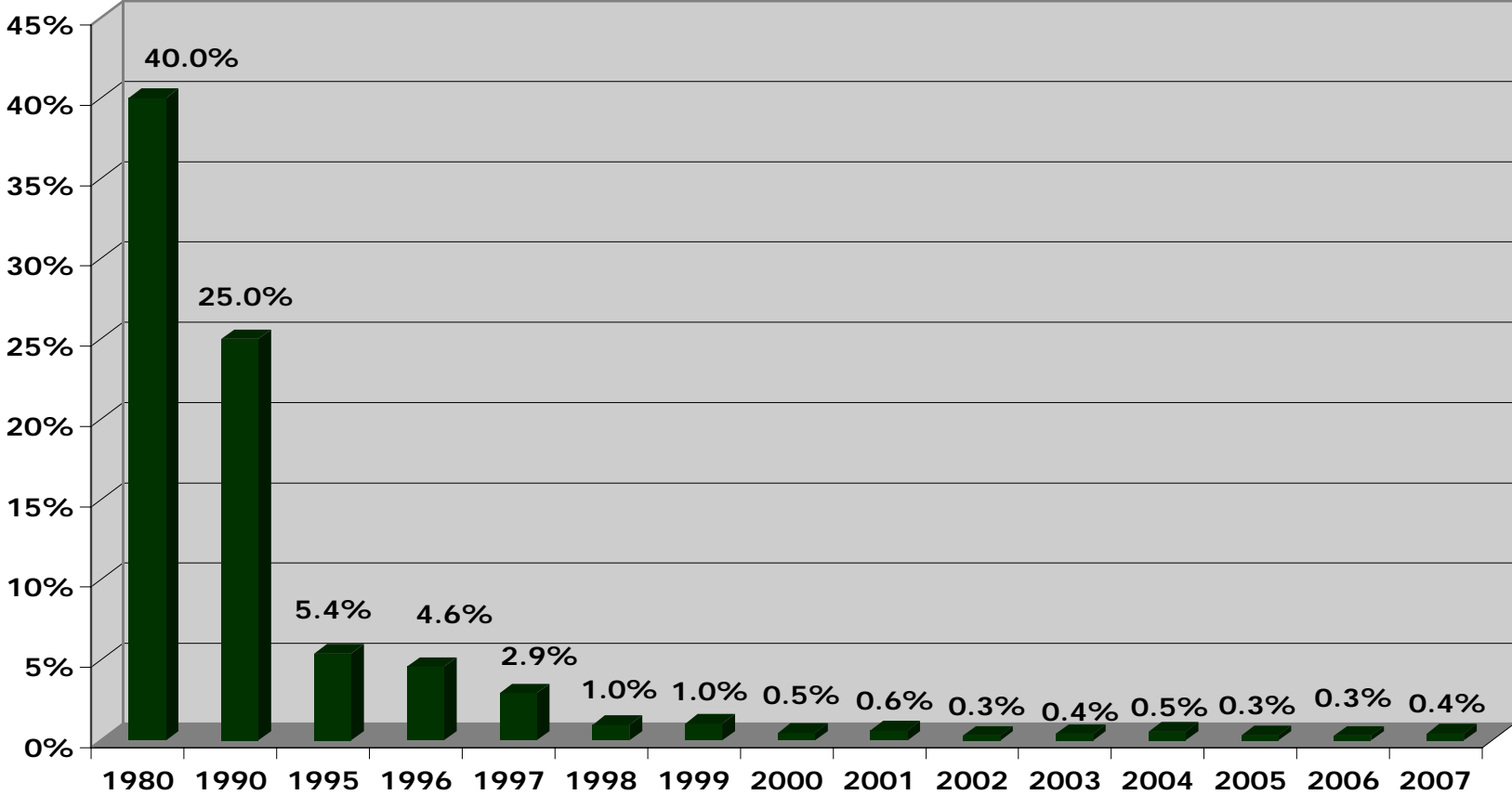
- 20+ years' seed, pre-seed stage investing
- Co-founder and GP, six funds
- Lead investor in over 30 companies
- Over 20 spinouts and *de novo* startups
- Advisor to Techlink
- Advisor to three gap funds
- USAF (Capt.) tactical space system ops
- BS, Natural Sciences; MS, Urban Planning

Venture Capital

- 2007 \$29.4 billion into 3,813 companies
- Increasingly focused on post product development
- Increasingly concentrated in Silicon Valley, Boston - some bright spots
- Isn't a start up's only option

Baby, It's Cold Out There

(Pct of Venture Dollars Flowing to Seed Stage)



Source: PWC MoneyTree Survey / Venture One



Other Capital Sources

- Angel Investment

	Companies	Invested (\$B)	Seed	Acceptance Rate
2000	40,000	\$ 30.0	80%	23.3%
2005	49,000	\$ 21.0	50%	23.0%
2007	57,000	\$ 23.0	39%	20.1%

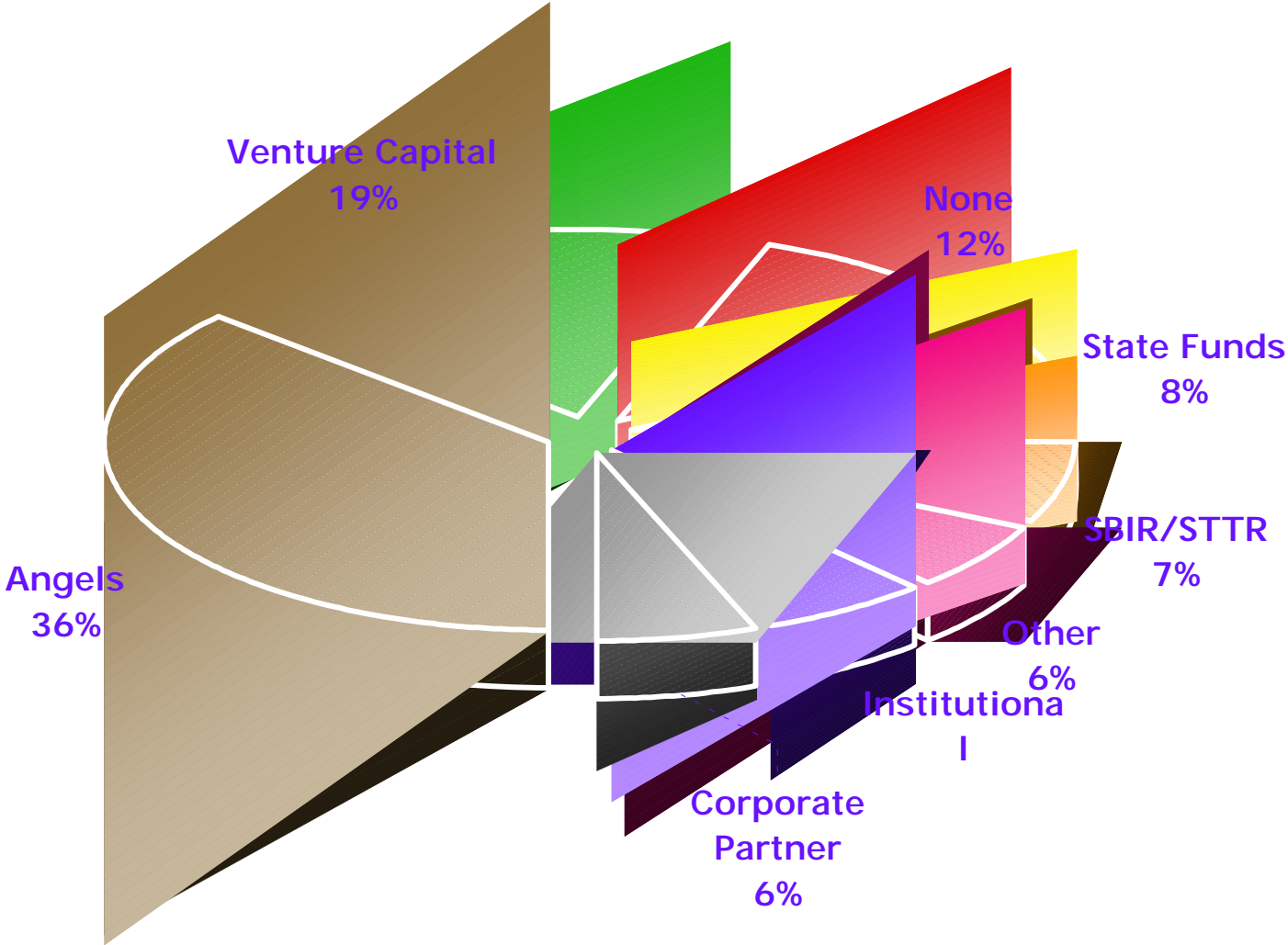
- SBIR - (FY2006) \$2.3 billion, <1,000 companies

DOD \cong half of all awards

Great leverage

Previous issues with combining venture money and SBIR

Where Spin-Outs Get Capital



Source: AUTM 2005 Annual Survey



Technology Commercialization: A Tale of Getting From Here to There

- Time after time
- Theory of Relativity and relevance
- Avoiding the “Better Mousetrap” lie
- You say tomato and I say tomahto
- On page 82 of your hymnal...
- Let’s not tinker in Plato’s garage

University & Lab TTOs, Please:

- DON'T

- Write business plans
- Hire market research firms
- Recruit mgmt teams
- Establish valuations

- DO

- Determine technology / product interface
- Some preliminary market assessment
- File the best patents, in the right places
- Recruit & use EIRs

All This Talk About Innovation... But Then What?

- Pre-seed / gap funds
- University / lab funds - if arms length
- State commercialization funds
- Need for capital efficiency
- Think of potential customers
- Think about manufacturing and how similar products are bought & sold