

MassChallenge

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NON-DILUTIVE FUNDING SOURCES AS VENTURE DEVELOPMENT FUEL

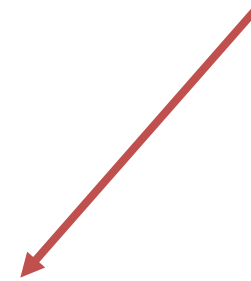
Topics

- What is non-dilutive funding?
- Risks and benefits
- Finding opportunities
- Evaluating sources and opportunities

E.g., grants, crowd, customers,
competitions, accelerators



E.g., money, expertise,
equipment, facilities



Non-dilutive funding is
venture development fuel that
doesn't require the venture to
give away any ownership



No equity and no
claim on assets

Some risks and benefits

Benefits

- Accelerate progress
- Increase value
- Build credibility
- Access future opportunities
- Connect with your market
- Fill gaps

Risks

- Administrative burden
- Distraction
- Outstrip resources

Specific risks and benefits vary

Sources*

Source	Examples
Federal grants	SBIR/STTR, EERE, ARPA-E, NSF I-Corps™
State grants	MACEC, NYSERDA, MTI, MLSC, CIRM, MTC
Non-profits/foundations	JDRF, CFFT, VentureWell, Gates Foundation
Crowdfunding	Kickstarter, Indiegogo, etc.
Customers	Beta testing, collaborative product development, consulting
Partners	Strategic partnerships, collaborative product development, co-marketing
Competitions and niches	Student, M2D2, XPRIZE(s)
Friends and family	Professional services
Other	Venture philanthropy, alternative financing
Accelerators and incubators	MassChallenge!

* See Appendix One for full names and links.

Find specific opportunities

- Federal, state, foundation, crowdfunding websites
- Libraries
 - Specialty databases
- Web search (of course)
- Talk to program officers and points of contact
- Ask colleagues and friends
- Explore customer and partner interest

SBIR/STTR

PARTICIPATING FEDERAL AGENCIES		
 Small Business Administration Leading Agency	 Department of Agriculture	 Department of Commerce
 Department of Defense	 Department of Education	 Department of Energy
 Department of Health and Human Services	 Department of Homeland Security	 Department of Transportation
 Environmental Protection Agency	 National Aeronautics and Space Administration	 National Science Foundation

Funding for a small business to support technology development

- Check topics
- Engage with agencies of interest

\$2.2 billion annual allocation

Each agency manages its own program and solicits proposals on relevant topics

- Eligibility
- Terms and conditions

Typical funding

- Phase I up to \$150k over 6 to 12 months
- Phase II up to \$1 million over 2 years

Be aware of administrative requirements

Biomedical foundations (examples)

- JDRF Industry Research Partnerships program
 - Discovery Partnership matching grants of up to \$250K/yr for 2 years
 - Development Partnership matching grants
- CFFT Therapeutics Development program
 - Matching grants of \$200K for discovery or \$750K for clinical studies
- Alzheimer's Drug Discovery Foundation



Finding the right research foundation is key; don't overlook small-ish non-profits

State agencies (examples)

- Life sciences/biomedical
 - California Institute for Regenerative Medicine (CIRM)
 - Massachusetts Life Sciences Center (MLSC)
- Clean Tech
 - Massachusetts Clean Energy Center
 - NYSERDA
- Technology-driven economic development
 - Massachusetts Technology Collaborative
 - Maine Technology Institute



Check for similar agencies in your state

Faculty and/or students

- Bridge the gap between basic research and venture development funding
 - NSF I-Corps™
 - VentureWell

Ask tech transfer, entrepreneurship centers, alumni, and other campus startups about internal grants and in-kind resources

Evaluate sources and opportunities

- Are you eligible?
- What does the source/program provide?
- What activities are supported?
- What are the source's aims?
- Does the program fit the venture's needs and stage?
- What are the terms and conditions?

What are the risks and benefits overall?

Tips for winning non-dilutive funds

- Grants
 - Do your homework
 - Know the organization
 - Read and follow directions
 - Make proposals easy to read and review
- Crowdfunding
 - Budget significant time and effort
 - Put the framework in place before you launch
- Family, friends, customers, partners
 - Ask for what you need
 - Manage expectations

Closing thoughts

- Use non-dilutive funding to fuel your new venture where possible
- Be creative and opportunistic
 - Crowdfunding
 - Alternative financing
 - Customers and partners
 - Friends and family
- Think both globally and locally about sources
- Leverage MassChallenge resources and expertise

Appendix One

- SBIR/STTR (Small Business Innovation Research/Small Business Technology Transfer): <https://www.sbir.gov/>
- EERE (Office of Energy Efficiency & Renewable Energy) and ARPA-E (Advanced Research Project Agency – Energy) and other Department of Energy funding programs: <http://energy.gov/funding-financing-energy-businesses>
- NSF I-Corps™ (National Science Foundation Innovation Corps): http://www.nsf.gov/news/special_reports/i-corps/teams.jsp
- MACEC (Massachusetts Clean Energy Center): <http://www.masscec.com/>
- NYSERDA (New York State Energy Research and Development Agency): <http://www.nyserda.ny.gov/>
- MTI (Maine Technology Institute): <http://www.mainetechnology.org/>
- CIRM (California Institute for Regenerative Medicine): <https://www.cirm.ca.gov/>
- MTC (Massachusetts Technology Collaborative): <http://masstech.org/>
- JDRF Industry Research Partnerships program: <http://grantcenter.jdrf.org/industry-partnerships/>
- CFFT Therapeutic Development program: <https://www.cff.org/Our-Research/Cystic-Fibrosis-Foundation-Therapeutics/CFFT-Therapeutic-Development-Awards/>
- VentureWell student grants: <https://venturewell.org/student-grants/>
- Gates Foundation: <http://www.gatesfoundation.org/How-We-Work/General-Information/Grant-Opportunities>
- M2D2 (Massachusetts Medical Device Development Center): <https://www.uml.edu/Research/M2D2/default.aspx>
- XPRIZE: <http://www.xprize.org/>

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THANK YOU!