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SOURCES OF FUNDING FOR STARTUPS

November 14, 2014



AGENDA

- Introduction
- Review of Funding Sources
- Additional Factors to Consider
- Q & A

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INTRODUCTION TO ICON



Charles Beeler
Co-Founder and General Partner,
Icon Venture Partners
17 years early-stage venture capital
Rochester Native (Vikings fan)



Jeff Hinck
Co-Founder and General Partner,
Icon Venture Partners
17 years early-stage venture capital
Minnesota Native (Vikings fan)

Early stage business technology focus

Start for less, Grow faster

Icon Technology Partners – 80 experts on call

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MOST COMMON FORMS OF STARTUP FUNDING

Friends & Family

Angel Investors

Venture Capital

Venture Debt

Note: A mix of sources is common


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INTRODUCTION

Friends & Family


Stage	Inception and seed
Difficulty	Easiest way to raise capital
Amount	Typically less than \$250,000
Terms	Simple (but be careful)
Value Add	None (with exceptions)
Considerations	Lose money, lose friends (and house)

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INTRODUCTION

Angel Investors


Stage	Seed
Difficulty	Short diligence process (get momentum)
Amount	Typically less than \$1,000,000
Terms	Convertible note with cap or Series Seed
Value Add	Low to moderate (depending on people)
Considerations	Long-term capital needs + personalities

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INTRODUCTION

Venture Capital


Stage	Seed to pre-public
Difficulty	Highly engaged diligence process
Amount	Any amount (sub \$500K to \$50+ million)
Terms	Convertible note or Preferred stock
Value Add	Significant with the right partner/firm
Considerations	Make sure it is the right long-term fit

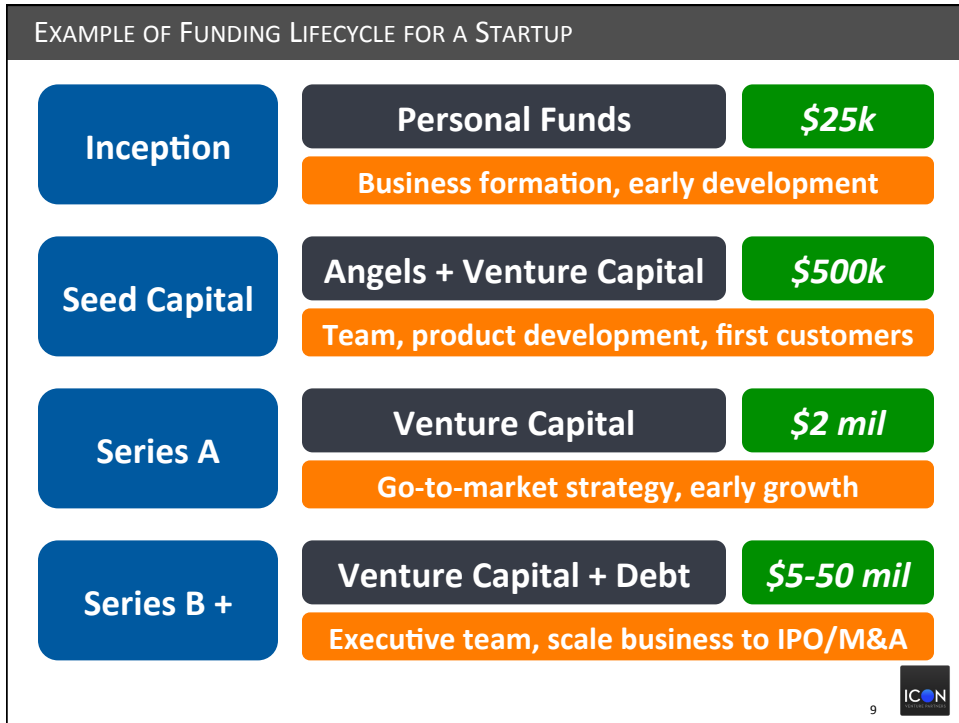
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INTRODUCTION

Venture Debt

Stage	Series A or later
Difficulty	Dependent on results and equity capital
Amount	Typically more than \$1,000,000
Terms	Debt with warrant coverage (4-8%)
Value Add	None
Considerations	Terms are critical (debt must be repaid!)

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ADDITIONAL SOURCES OF CAPITAL (OR NOT)

Incubators: High equity cost for very little capital

Crowdfunding: Not yet legal in US (+ herding cats)

Corporate Venture: Usually post Series A (+ watch terms)

Gov't Grants: Sector specific (+ distracting)

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NEW(ISH) FUNDING SOURCES

Super Angels: More capital, (more involvement)

Micro VC's: Sub \$50 mil funds focused on Seed

Angellist: Angel.co – Worth checking out

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Q&A



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