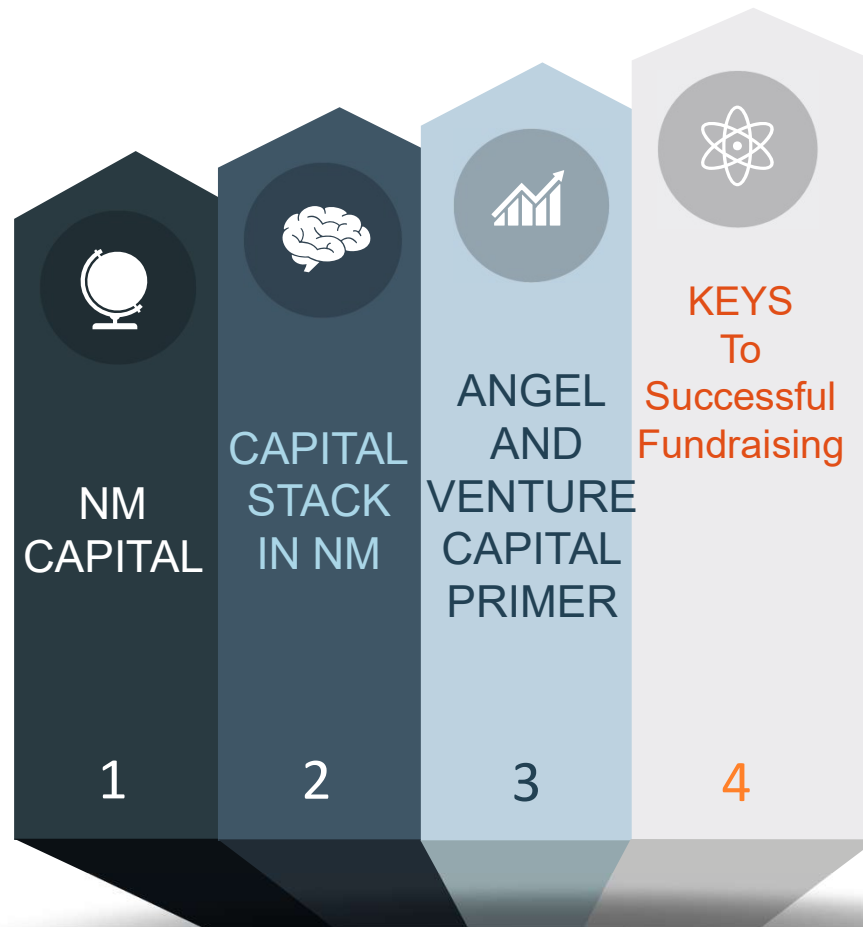


Agenda



Introduction John Chavez

- ▶ **Former President New Mexico Angels** - Raised over \$20 million dollars for New Mexico Companies over 11 years
- ▶ **Founded two Venture Capital funds:** Phase One Ventures \$1.8 million dollar fund. NMA Ventures \$4.2 Million dollar Catalyst Fund
- ▶ **Founder New Mexico Start Up Factory:** A company focused on creating companies for licensed technology. Started 16 companies of which 9 are still operating: Osazda Energy LLC., TNeuroPharma Inc., Enthentica Inc., Orc Tech LLC., GPER G-1 Development Group LLC.
- ▶ **During the Pandemic,** started three companies, raised \$2.16 million in equity, received \$1.610 M in grants and submitted \$3.25 million in grants.

New Mexico Capital Providers



Angel Groups

- ▶ New Mexico Angels:
www.nmangels.com
- ▶ Arizona Tech Investors:
www.arizonatechinvestors.com
- ▶ Desert Angels: www.desertangels.com
- ▶ Angel Capital Association:
www.angelcapitalassociation.com

New Mexico Catalyst Funds

- ▶ NMA Ventures www.nmaventures.com
- ▶ ABQID Fund: www.albqid.com
- ▶ Arrowhead Innovation fund:
www.aifvc.com
- ▶ Tramway Ventures Partners:
www.tramwayventures.com
- ▶ Blue Stone Ventures

Active NM Venture Funds

- ▶ Sun Mountain Capital
- ▶ Scout Ventures
- ▶ Anzu Industrial Capital Partners
- ▶ Phoenix Venture Partners
- ▶ Crosslink Venture Partners

Government Grant Programs

- ▶ SBIR - DOD, DOE, NIH, NSF
- ▶ DOE - Duramat, EERE, SETO
- ▶ DOD - DARPA
- ▶ ASCEND Hub - NIH
- ▶ NM Fast Arrowhead Center

Selling Equity



Sell Equity

- ▶ Why sell equity?
 - ▶ To raise money for your company(Must show value)
 - ▶ Used to grow the company by funding:
 - ▶ Product Development
 - ▶ IP Development
 - ▶ Marketing & Advertising
 - ▶ Hire staff

Investors: Buying Equity

- ▶ Why would investors take ownership in your company? (Must see value)
 - ▶ For a financial return understanding the risk dynamics
 - ▶ To provide funding to help grow the company
 - ▶ They may have connections to help grow your company
 - ▶ They have the advice and expertise to help you succeed

Capital Stack In New Mexico

the funding landscape in the land of enchantment

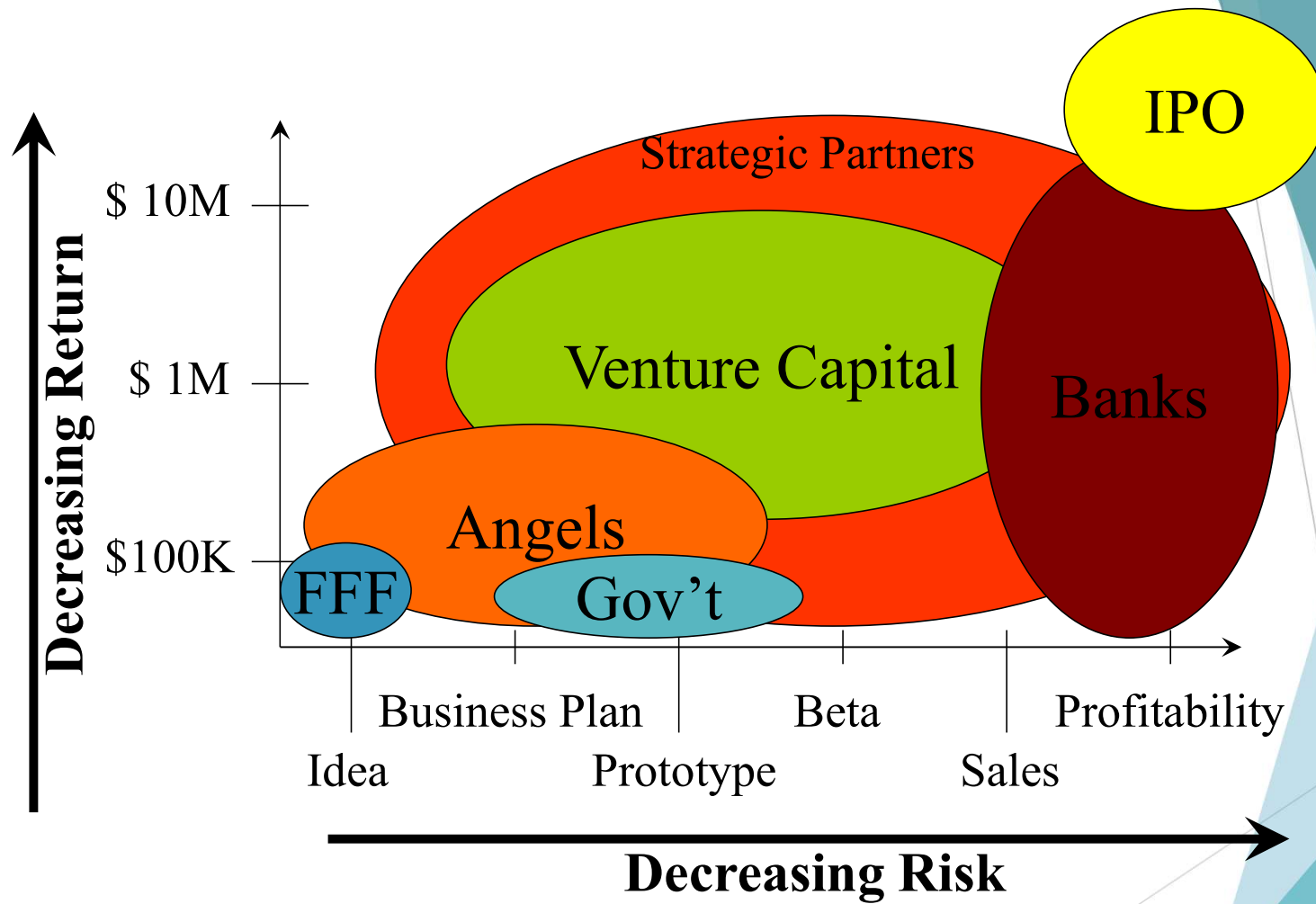


Small Company Financial Ecosystem in NM

► Funding sources:

- Entrepreneur funds company (bootstrapping)
- Friends and Family
- Micro Lenders (WESST, ACCION)
- Crowdfunding
- Angel Investors
- Catalyst Venture Funds
- Venture Capital Funds

*Loans, Grants and Strategic Partners are also available in some cases



Reference: Tom Stephenson, Verge

Friends & Family Investment

▶ Pro's

- ▶ Easiest round to raise
- ▶ Fastest round to raise
- ▶ Usually raise \$5k - \$100k

▶ Pit-Falls

- ▶ Valuation too high will hurt family down the road
- ▶ Legal regulations apply and aren't always completed



Crowdfunding

- ▶ The practice of funding a project or venture by raising many small amounts of money from a large number of people, typically online.
- ▶ Sites like: Kickstarter or Seed Invest
- ▶ 2 types:
 - ▶ Traditional (donation or promise of gift)
 - ▶ Equity (ownership of company)

NM Catalyst Funds

\$100,000 - \$600,000 equity investments

- ▶ NMA Ventures www.nmaventures.com
- ▶ ABQID Fund: www.albqid.com
- ▶ Arrowhead Innovation fund:
www.aifvc.com
- ▶ Tramway Ventures Partners:
www.tramwayventures.com
- ▶ Blue Stone Ventures

Active New Mexico Venture Funds

\$1-3 Million equity investments

- ▶ Scout Ventures
- ▶ Anzu Industrial Capital Partners
- ▶ Phoenix Venture Partners
- ▶ Crosslink Venture Partners
- ▶ Sun Mountain Capital

Different Money -- Angels vs VCs



Who and What is an Angel?

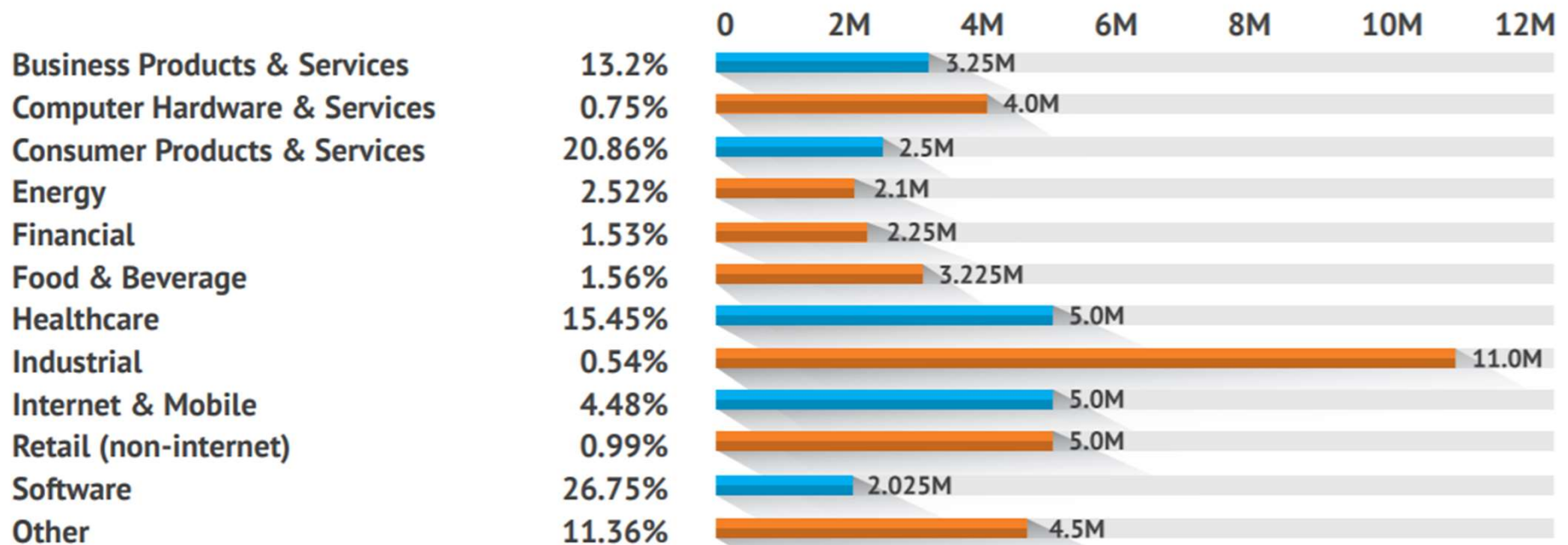
- ▶ Angel investors are wealthy individuals; many are “been-there, done-that” entrepreneurs.
- ▶ Angel investors usually have a portfolio of investments. Their Angel investments are a way to diversity their portfolio.
- ▶ Angel investors are looking for good companies which could impact their portfolio and have a meaningful impact on the community and the world



Angel Investing Stats in 2018

INDUSTRIES ANGELS LIKE & NATIONAL MEDIAN PRE-MONEY

(INDUSTRY PERCENTAGE OF DEALS AND PRE-MONEY VALUATIONS ARE AGNOSTIC TO GEOGRAPHY)



Source: Halo Report 2018

Angel Investing - Stats

- ▶ One in ten start-ups obtains Angel financing.
- ▶ One in ten Angel deals sees VC money
- ▶ 80% of Angel deals are seed or start-up capital



An Angel Deal

- ▶ The usual size of an Angel investment is per angel \$10,000 to \$100,000.
- ▶ The usual size of an Angel deal is \$100,000 to \$500,000
- ▶ If one angel group can not provide all the capital needed, they can/will syndicate with other angel groups and venture capital



Intro to Venture Capital



What is Venture Capital?

- ▶ Professionally managed risk capital
- ▶ Focused on Innovative and High Growth Companies
- ▶ Funds new ideas that could not be financed with traditional Bank Financing
- ▶ Long Term investment horizon
- ▶ Minimal liquidity until sold.

What type of Companies get VC \$

Who fits Typical VC Investment Criteria? Companies Who...

Have products that have dynamic high growth potential

Have founders who want to grow then sell the business

Address large markets

Have Leading Edge Technical Differentiation

Want involved, hands on, value add investors

LAVU

exagenTM
DIAGNOSTICS

TRI LUMINA

There's a VC for Most Stages



Idea/Seed

ABQid

NMSU Arrowhead Fund



Early Stage

NMA Ventures

ANZU Ventures

Tramway Ventures



Expansion

Sun Mountain Capital

Scott Ventures



Later Stage

Cross Link Ventures

Bit of Perspective

VCs are investing other peoples money

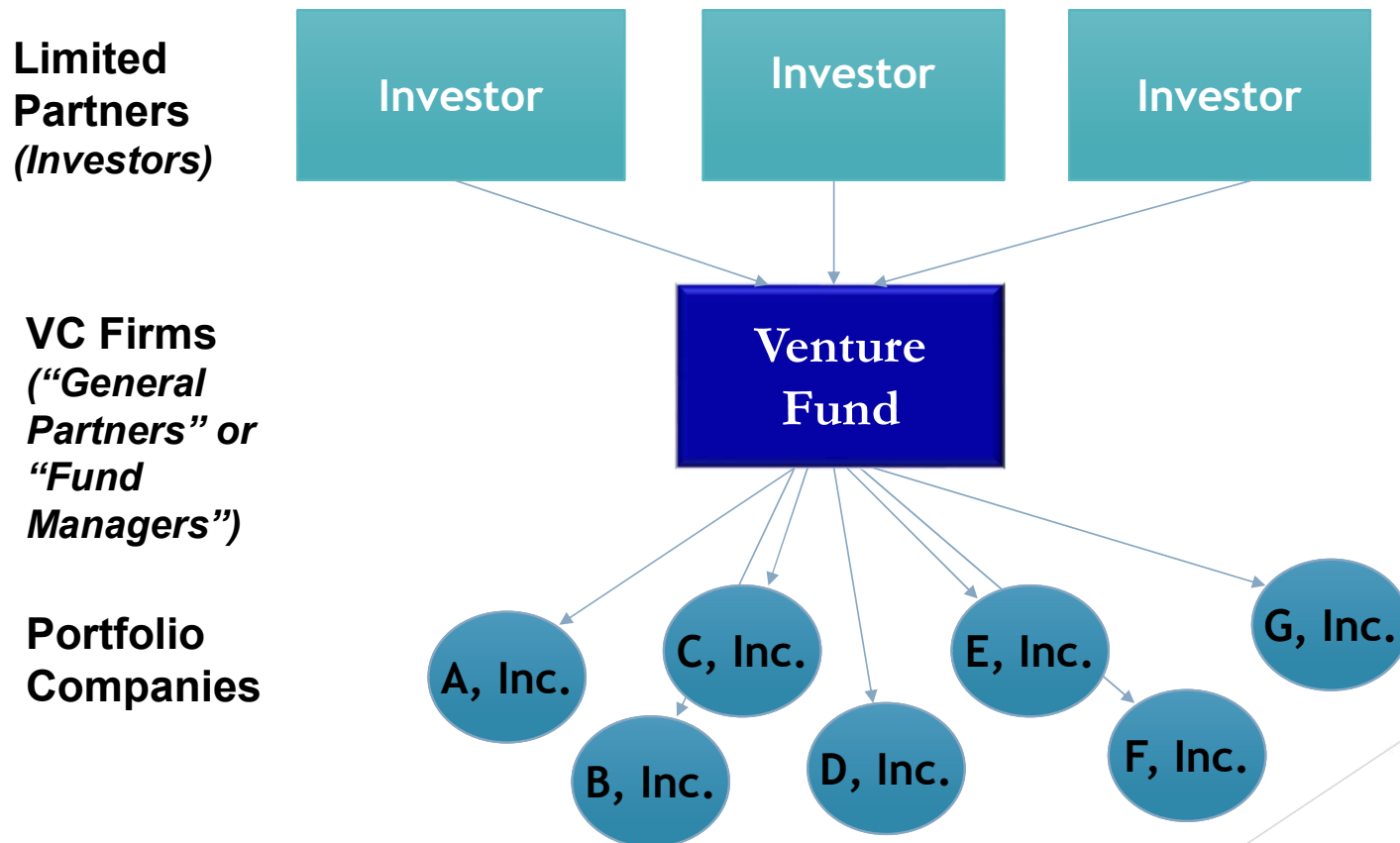
They are accountable on how they invest that money



They have to raise funds just like entrepreneurs



Structure of the VC Industry



Key Points VC's evaluate

Team

- Investible
- Coachable
- Alignment on the Future
- Passionate & Capable

Market

- Is there value to customers?
- High Margin
- High Growth/High Potential

Financial/ROI

- Investment size vs. Market
- Return Potential
- Can investment make a difference?

Technology

- Advantages
- Scalable
- Defensible

Keys to Successful Fundraising



What you need to start the conversation

- ▶ Executive Summary
- ▶ Pitch Deck
- ▶ For assistance: UNM Rainforest, Arrowhead Center
NMActivate and CNM Ingenuity

What Investors want to see and hear

- ▶ Team
- ▶ Intellectual property
- ▶ Product
- ▶ Market
- ▶ Plan and Financial Model
- ▶ Reasonable Valuation
- ▶ Team

How to start the process

- ▶ Set a company financing goal
- ▶ Determine the financing path - equity/grant combo
- ▶ Create investment documents
- ▶ Identify target investors
- ▶ Set up plan for engagement
- ▶ Execute
- ▶ Review success - feedback - adjust
- ▶ Execute

How to engage?

- ▶ Local meetings
- ▶ Networking - Connections
- ▶ Website information and reach out
- ▶ Ask for a meeting?
- ▶ Create company information and documentation
- ▶ Create a deal
- ▶ Continued follow-ups

THANK YOU

QUESTIONS

