



**Access to Success / Capital  
and Funding**

***"the art of raising capital"***

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# Mission

- Seed and first round investors
- Fill under-served investor niche
- Source attractive investments
- Members screen, invest and add value
- Active role; value added money

# What are Angel Investors?

- Invest own capital
- Variety of backgrounds
  - CEO's, founders, VC's, Sr. exec's, professionals
- Active vs. Passive
  - Extensive networks and resources
  - Interested in your business
  - Can devote time and add substantial value
- Limited financial resources
- Networks e.g. TCA



# TCA Overview

- Founded in 1997
- One of largest angel groups in US
- 270 members
- Regional Networks
- Individual investors
- Organized process for collaboration



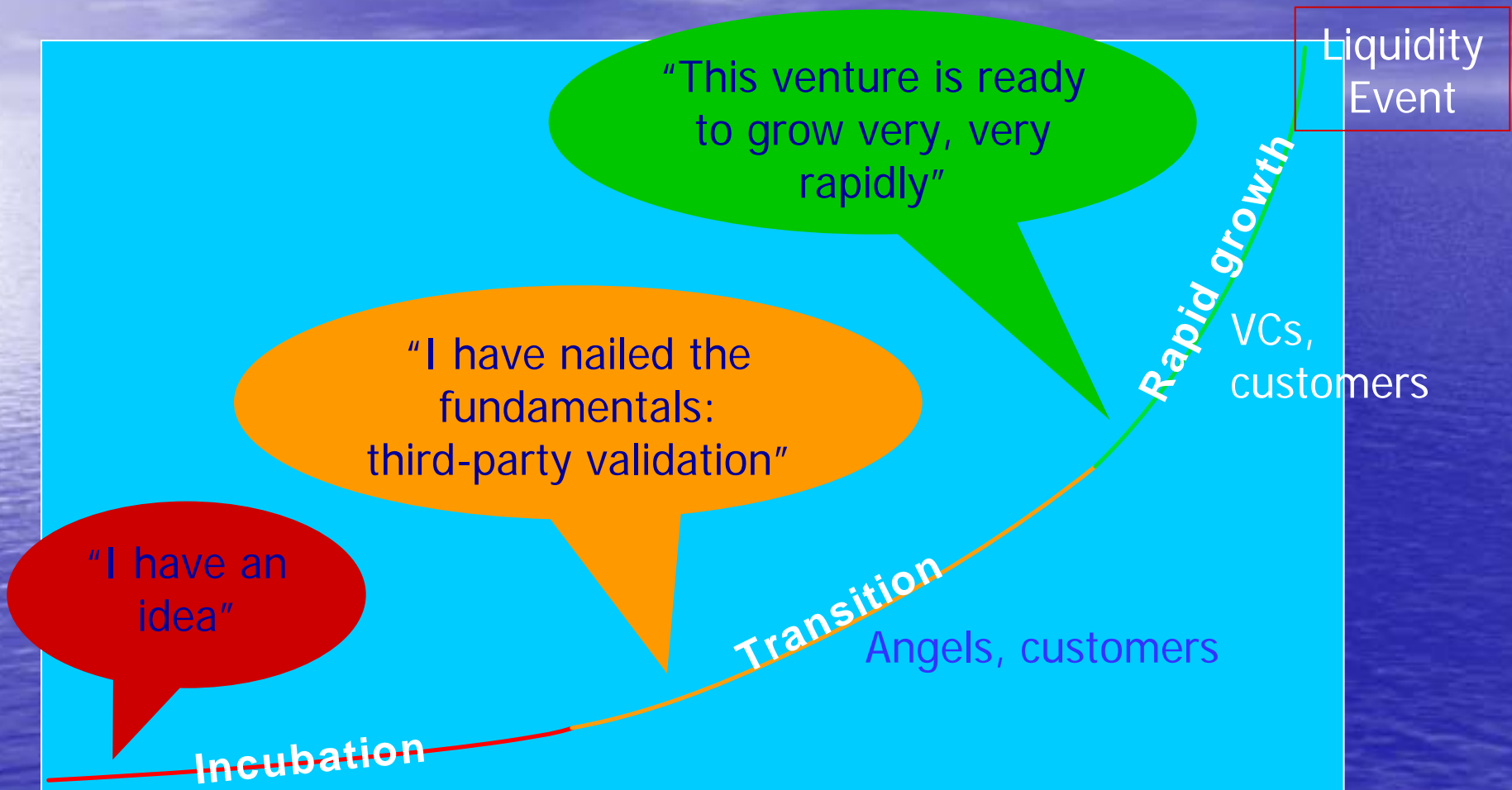
# TCA Members

- CEO's, Senior Executives, VC's, Other Professionals
- Experienced in founding, financing and building successful companies
  - Qualcomm, FileNet, EarthLink, Copper Mountain Networks, Cymer, GameSpy, EToys, Silicon Systems, Gadzoox, DIRECTV, Gemstar, FutureKids, Styleclick, Diedrich Coffee, Hybritech, Rainbow Technologies, Pacific Scientific, Homestore.com, Brocade, Krispy Kreme, Sandpiper Networks, iMALL, Proxima, Hansens Beverages, Ledgent, Emulex.....
- Extensive Network of Resources
- Active, Value-Added Investors

# Seed Capital "Gap"

- VC funds have grown dramatically in size
  - Minimum investments of \$5+ million
  - Only 15% of VC deals are startups
- First round capital is hard to find
- Angel capital is common, but unorganized
- Management talent is scarce resource
- TCA was organized to fill this gap

# Stages of Growth & Funding



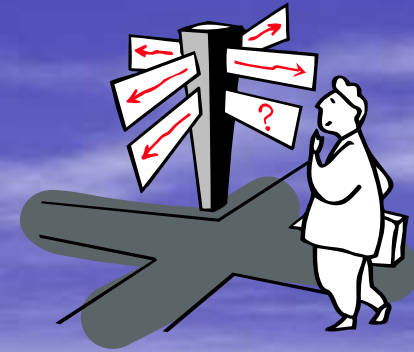
Sweat equity, friends, family, fools, customers

# TCA Model

- First round investors
  - Last \$ before VC
- Financings of \$1–3 million
- Partner with small VC firms and other angels
- TCA members lead process
- Team approach to due diligence
- Serve on boards
  - Assist with strategy, recruiting, fundraising



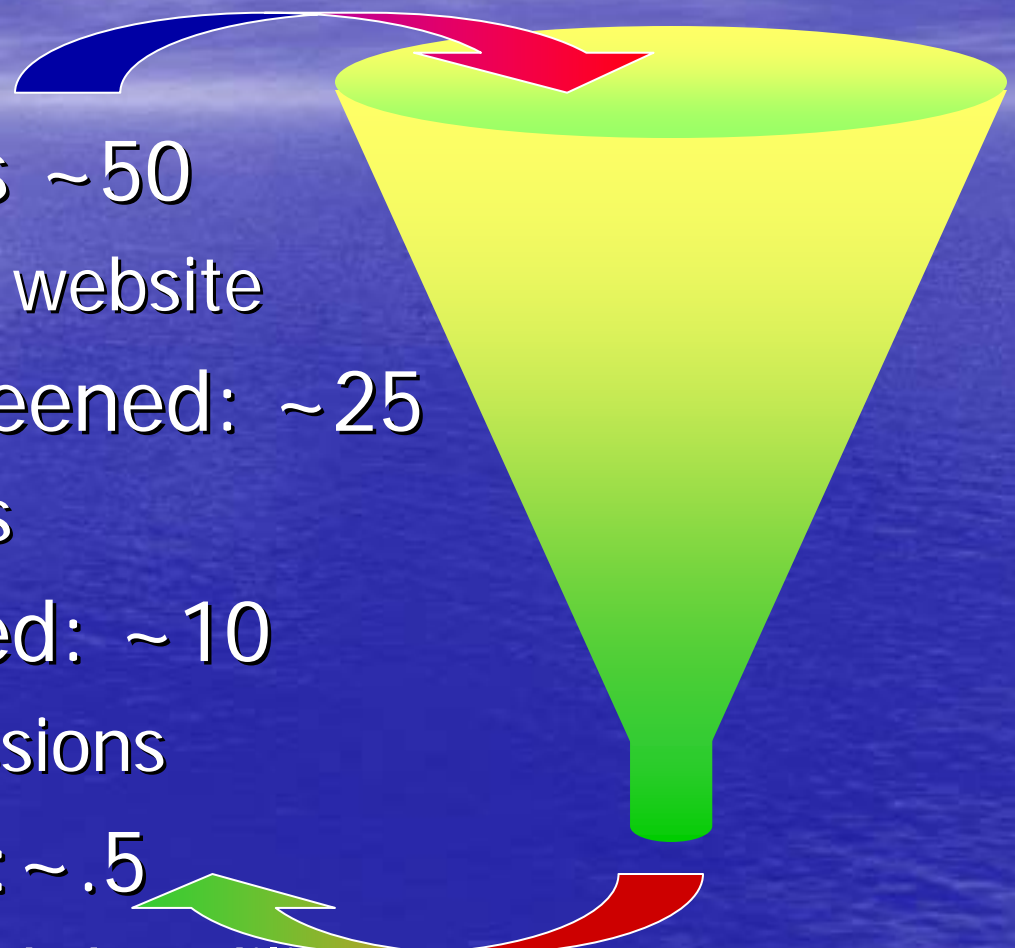
# Searching for:



- "Pain killers" not vitamins
- Elegant solutions serving large markets
- "Field of dreams" need not apply
- Business that scales easily
- Management with vision, depth, experience
- Quality execution skills
- Customers help validate hypothesis

# Monthly TCA Deal Flow

- Funding requests ~50
  - Processed via TCA website
- Ventures pre-screened: ~25
  - 3-4 member teams
- Ventures screened: ~10
  - 25-35 member sessions
- Ventures funded: ~.5
  - Deal leadership and due diligence team



# Valuation Issues



- \$5 million pre-money is common barrier
- Set aside 20% employee stock options
- Series A convertible preferred
- Want to buy 25%
- Looking to get VC returns

# What We Look For

- Management
  - Track record
  - Domain expertise
  - Not necessarily a complete team – at least a CEO
- “Big idea” vs. “lifestyle” business
- Painkillers vs. vitamins
- Clearly defined market and business model
- Sustainable competitive advantage
  - Technology, patents
  - Relationships
  - Market position

# What We Look For

- Third party validation
  - Customers
  - Partners
  - Beta
- Liquidity event potential in 2 - 5 years
- Attractive valuation
- Desire for advice and coaching

# What TCA Brings to a Deal

- Funding
  - Direct
  - Venture capital to existing and to future rounds
- Strategic Guidance
- Team Building
- Resources
  - Customers
  - Vendors
  - Strategic partners
  - Technology
  - Service Providers
- Management mentoring
- Board of Directors/Advisory Board participation

# Goals and Objectives

## Of Entrepreneur

- Build a great company
- Retain control
- Run the company
- Make a ton of money
- Change the world

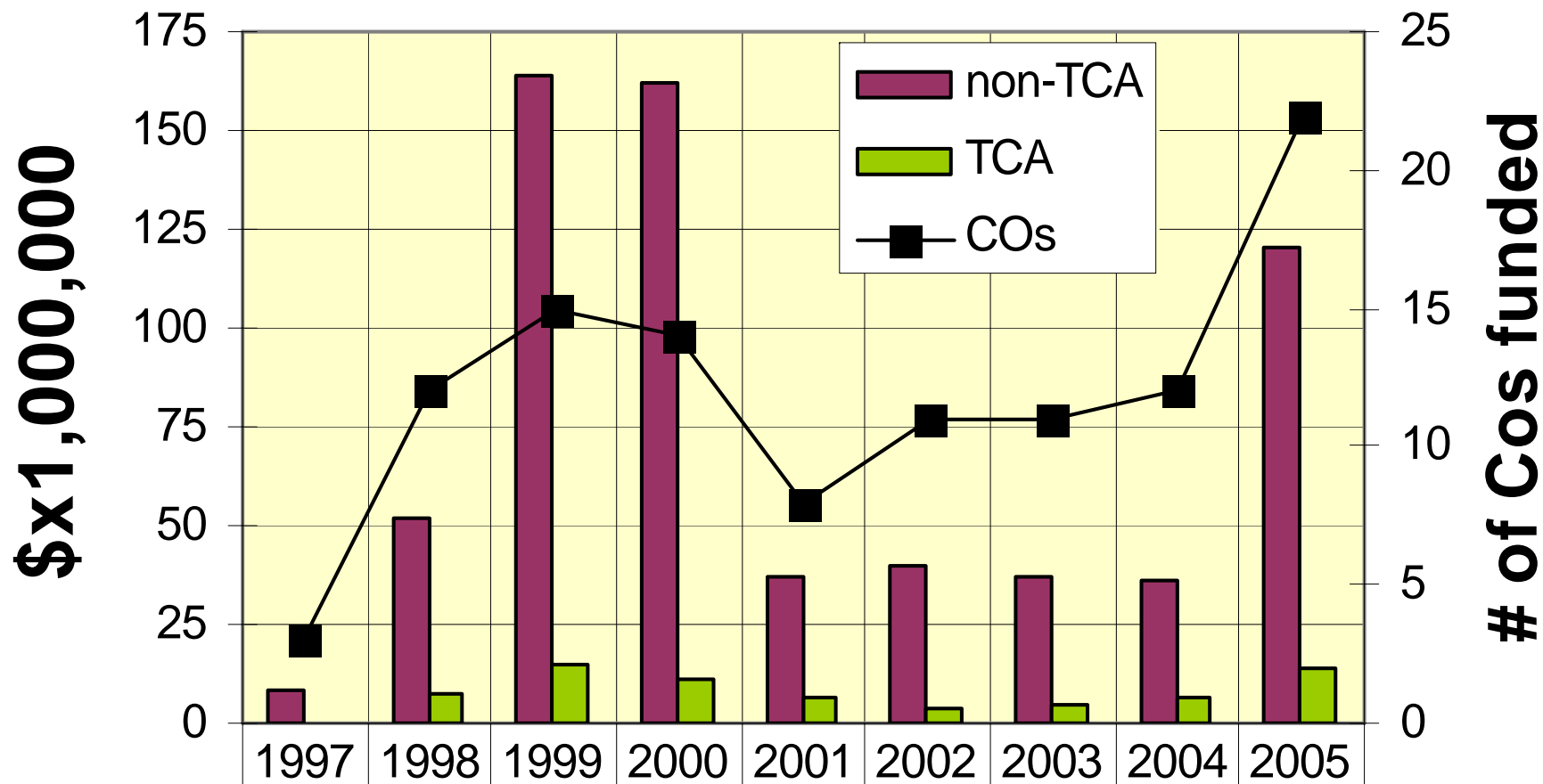
## Of Investor




- Build a great company
- Make a ton of money

# Advice for Entrepreneurs

- Surround yourself with the best advisors and service providers you can find
- Seek out peers and mentors
- Form an outside Board of Directors
- Network!
- Money raising is a full time job
- Target the right investors
- Be reasonable
- Take the money!





 non-TCA	8.2	52.0	163.6	162.0	36.9	39.6	37.4	36.4	120.1
 TCA	0.2	7.6	15.2	11.6	6.4	3.6	4.3	6.6	13.7
 COs	3	12	15	14	8	11	11	12	22

# Summary

- Find the idea/discovery
- Discover its value
- Determine the solution it can provide
- Really understand your market (most don't)
- Build the team
- Now, raise money
- Market the product
- Build the company, make profits
- But only if you have *irrational exuberance* for your baby!