

**Jumpstart New Jersey**

**Angel Network**

**Tech Transfer 101 at Rutgers**

**Starting a Company with Angel**

**Funding**

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Jumpstart New Jersey Angel Network

# ***JUMPSTART'S VISION:***

***JUMPSTART HELPS ITS MEMBERS WORK  
TOGETHER TO FINANCE AND MENTOR  
EARLY STAGE TECHNOLOGY BUSINESSES  
IN THE MID ATLANTIC Region***

# Why Angel financing is critical to early stage companies

- **Access to capital is a critical need.**
- High tech companies need mentoring help to move from the world of science to the world of business.
- There is a gap between (a) early Founders, Friends and Family financing and (b) later institutional financing
- **Angel investors bridge this gap.**
- Angels provide more total venture capital financing nationally than institutional VC funds do
- For every 1,000,000 companies formed (2000 data):
  - 45,000 (4.5%) get Angel Capital; 3,000 (0.3%) get VC Fund Capital; 300 (0.03%) get IPO Capital

# KEY POINTS ABOUT JUMPSTART NEW JERSEY

- Jumpstart New Jersey Angel Network was formed in late 2002 as a state and region wide member organization
- Members have invested over \$4 million in Jumpstart deals in 2007 and more than \$10 Million to date.
- Co-investment with funds or angel groups is possible.
- Members will be value-added investors, providing support to assist companies succeed.

# Jumpstart Best Practices

- Formed by Angels, NJEDA, NJ Technology Council based on best practices
- Increased seed funding in Mid Atlantic area
- Worked with NJEDA for Angel Guarantee program
- Encourage University entrepreneurs –Princeton Jumpstart Lecture Series, competition judges NJIT, FDU, Colombia, Wharton
- Host Meet the Angels evenings to encourage early stage companies

## The Myth of Happily Ever After:

- My business is so unique and exciting I don't have to prepare a business plan.
- I have an idea.
- I will find someone who loves my technology and invests immediately.

## Jumpstart Angels look for :

- ❑ Seed, start-up, and early stage
- ❑ Technology-based and specialty industrial businesses
- ❑ Geographic proximity –Mid Atlantic area
- ❑ Sound business plan for building equity
- ❑ Strong management team
- ❑ Proof of concept achieved
- ❑ Strong proprietary hooks for sustainable advantage

## Angels look for :

- ❑ Clearly articulated business plan
- ❑ Some business management expertise- either on the company advisory boards, boards or service providers
- ❑ The shape of the business, size of market, funding needed to get there, key milestones
- ❑ Ability of the founder/CEO to present these items clearly

# Keys to attracting Angel funding

- FOCUS
- CLARITY
- DO YOUR HOMEWORK
- USE ADVISORS

# Keys to attracting Angel funding

## Focus

- Distill your proposition to its core
- Compare it to existing or developing competition
- Never say there is no competitive alternative
- Create the ONE PAGE summary
- Recognize that technology is only one of four core areas of the business

# Keys to attracting Angel funding

## Clarity

- Make the transition from technology based focus to business oriented conversation
- Translation skills are critical
- Be able to do a crisp “elevator pitch”
- Don’t “build the bridge” in conversation or plan. Tell investors what you have, if interested they will look at the details later
- Put your contact info on your business plan
- If you can’t describe your business, no one else will have the patience to pursue it for a further look

# Keys to attracting Angel funding

## Do your Homework

- Find out those investors that invest in your area of technology and \$ limits. Avoid the round file and wasting time.
  - Use advisors
  - Use directories
- Understand that the \$ invested in R&D to date have NO relationship to the value of your product or company
- Understand valuation. Avoid hurting your friends and family or blocking new investment.

# Keys to attracting Angel funding

## Use Advisors

- Legal and Accounting advisors add enormous value and credibility to your start up
- They prevent you from doing serious injury to your start up and are networked into financing sources
- Ask other companies for referrals for advisors
- Don't use your brother or sister for legal representation because they are free
- Attend tech financing events, NJTC Bootcamps, Venture conferences to educate yourself

# Meet the Angels

## OCT 9

- Jumpstart holds informal receptions 2-3 times a year for member angels and 10-12 Ceos of early stage companies
- The next event is OCT 9<sup>th</sup>. See our website for details. To get an invitation send a ONE PAGE summary of your business plan.
- No elevator pitches, just informal discussions. Great way to network, get advice, referrals and possibly be asked to present to JS at a later date.

# JUMPSTART NJ ANGEL NETWORK

Technology companies seeking funding may submit an executive summary directly by writing or emailing (preferred) to Katherine O'Neill at [Koneill@jumpstartnj.com](mailto:Koneill@jumpstartnj.com)

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