



### **Commercialization of Concepts into Products:**

- 1. Technology; Validation and Development**
- 2. Angel Groups; Mentoring and Investing**
- 3. Incubators**
- 4. US/NZ collaborations**

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### **Sources of Technology**

#### **Intellectual Property (IP) Portfolios**

- Universities**
- Research Institutes**
- Spin Out ventures**
- Entrepreneurs**

# US Venture Investment System



## Technology: Validation and Development

- **Proof of Concept**
- **Validation: alpha and beta tests**
- **Mentoring**
- **Incubation**
- **Market Validation**

## Presentation to Investment Community



### **Product**

What is the need for the product?

What is the IP

What is the stage of validation?

### **Customer/Market**

How many customers need this solution?

How is the market growing and why?

**Competition:** big dogs, inertia, innovations

**Management Team: Experience?**

**Financials/Pre-Money Valuation?**

**ROI/Exit?**

## Mentoring and Investing



**Investors see early stages companies that are not ready for presentations.**

**Mentoring can take 2-24 months to build the company.**

**Angel Funding is in the range from \$100,000- \$2,000,000.**

## Role of an Incubator



Incubators have a higher success rate of spinning out companies than non-incubator start-up companies.

The Businesses Technology Center in Los Angeles offers the following:

Resource support with a network of peers:

Angel Investors

Venture Capital

CPA's

Attorneys

Sales and Marketing Professionals

Incubators create a positive economic environment for success

## Typical TCA questions: Your Product



- What, specifically, are the company's products?
- What do the products do?
  - Why would the customer buy these products?
  - What makes the products unique or special?
  - In general, how are they better than other products or alternative methods of solving the problem?
  - How much better are they than other solutions?
  - Can we demonstrate that they are cost effective?
  - What, if any, proprietary technologies are used to make them? Any proprietary process?
  - Are there patents? If so, what, specifically, do they protect?
  - Why will they be of value to the company?
  - What special issues relate to manufacturing the product(s)? Any special materials or processes?
  - What special equipment or facilities are required?
  - What investment is required to set up manufacturing? For what capacity?
  - How do you know you can manufacture the product at a cost that will yield acceptable gross margins?

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## Competitive Position...Competitors



### Common TCA Member Questions...

- How else can the customer solve the problem your products solve?
- What are the alternatives?
- How does your product compare to each?
- Why is it better?
- In what ways is it worse?
- Who are the vendors of these other solutions?
- How do they compete with each other?
- Where will you fit into the industry?
- Why will you be able to compete effectively against them for the next ten years?
- Why are you confident that no new entrant will come along with a better solution and blow you away?
- Why do you think you can dominate your market niche?

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# How TCA Assesses Market Opportunity



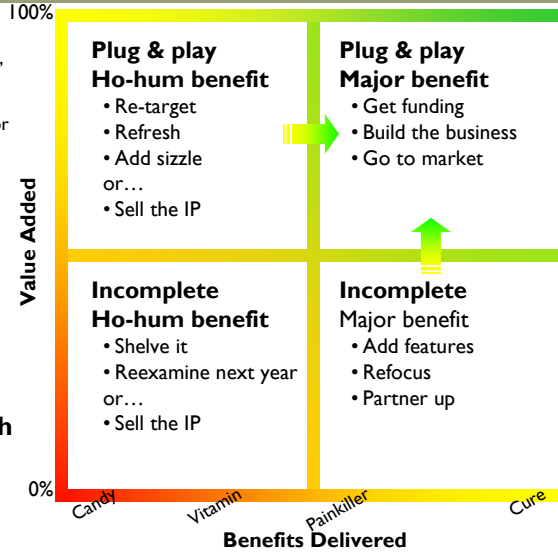
## Value Added

- From the end-customer's viewpoint, how much of the "Whole Solution" does YOUR product deliver?
- What else must the customer buy or do to realize the expected benefits?
- What alliances will you need to complete the solution?

## Benefits Delivered

- **Business market...**  
How much can your product increase revenues or lower costs?
- **Consumer market...**  
How much happier, healthier or richer will it make the customer?

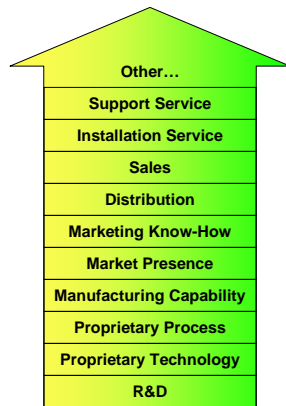
**Overall:** Are there enough potential customers to make a business thrive?



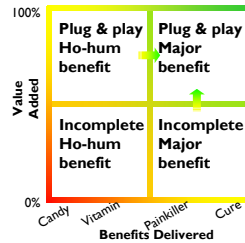
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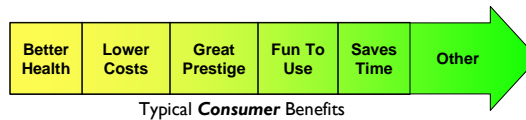
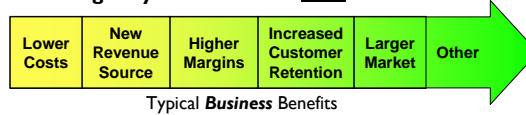
# Whole-Solution Value-Added vs. Perceived Customer Benefits



What percent of the "Whole Solution" does YOUR solution provide?



What are the principal benefits and how urgently do customers need them?



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## More about Value-Added



### What pieces of the value-added stream do you own, control, perform?

#### R&D?

- Product technologies
- Customer processes, needs, technologies

#### Proprietary Technology?

- Protected or exclusively licensed
- That plays a core role in delivering the solution's major benefit(s)
- How does it do that?
- How might a competitor duplicate benefits without infringing?

#### Proprietary Process?

- Protected or exclusively licensed
- That plays a core role in delivering the solution's major benefit(s)
- How does it do that?
- How might a competitor duplicate benefits without infringing?

#### Manufacturing Capability?

- Able to meet ramp-up schedule
- Adequate quality and cost

#### Market Presence?

- Brand awareness and value
- Product positioning

#### Marketing Know-How?

- Relevant to target customers
- For similar products or services

#### Distribution?

- Access to preferred POSs
- Relationships with market-makers

#### Sales?

- Access to initial customers
- Salesforce that knows and gets face-time with targeted customers
- Salesforce mind-share

#### Installation Service?

- Ability to make sure customers get product up and running

#### Support Service?

- Ability to answer questions
- Ability to keep customers satisfied

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## “Embedded Value”

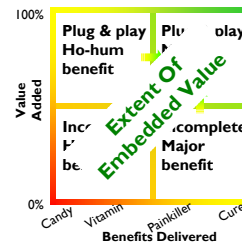


The combination of “value-added” and “benefits delivered” roughly translates to “embedded value”

- The more you contribute to delivering the whole solution, the more potential your company has to become embedded in your customers' business or life
- The more valuable your solution is to your customers, the more likely they are to continue to use you (or seek to acquire you)

Examples of the concept:

- **Microsoft:** with MS-DOS, Windows and IE built-in, they are embedded in PC products
- **Amazon:** becoming more-fully-integrated “store” with more lines to be a “one-stop” shop for e-customers
- **Yahoo:** tough to see where they are more than an easily-substituted site
- **E-Bay:** moving to become standard channel for remaindered (unsold) goods



#### Common TCA Member Questions...

- How important is your product, really, to the customer?
- Is your product just a tool that could be replaced with another tool without affecting the customers' suppliers or customers?
- Will your product become embedded in what your customers deliver to their customers?
- How easy would life be for your customers if they were to uninstall your product?

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## New Zealand Collaborations



**TCA Investment Process has been adopted in New Zealand.**

**“Virtual Katy” , a New Zealand company, has been accepted into the BTC incubator in Los Angeles.**

**Testing New Zealand ventures through the TCA screening process.**

**Building an awareness on the US commercialization process through New Zealand OTT and Business Development Managers.**

## Case Studies



### **Commercialization of IP out of Universities**

- **State Funded University**
  
- **Private University**

## Summary



**What is the technology/product?**

**IP protection?**

**Technology: Validation and Development**

**Angel Community: Investing and Mentoring**

**Incubators: BTC Los Angeles**

**New Zealand Collaborations**