



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



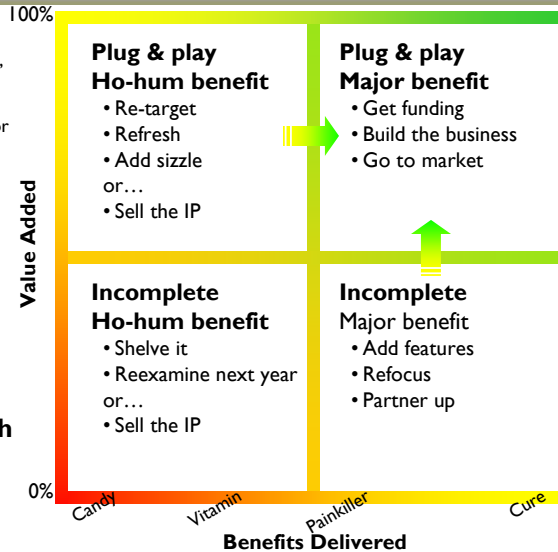
Value Added

- 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?

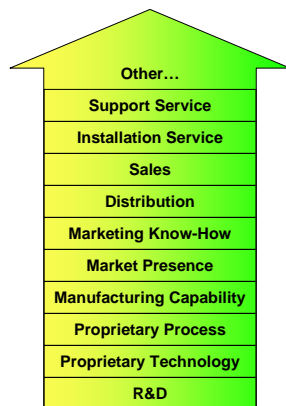
Overall: Are there enough potential customers to make a business thrive?



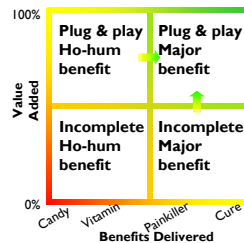
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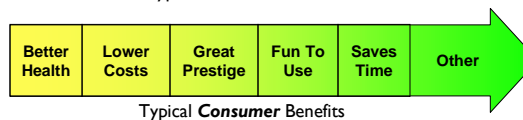
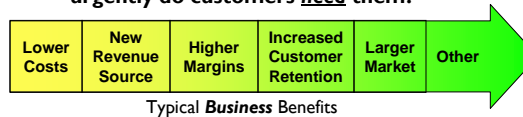
Whole-Solution Value-Added vs. Perceived Customer Benefits



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”

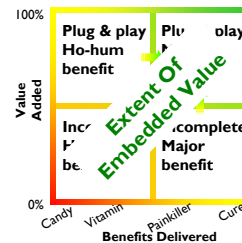


The combination of “value-added” and “benefits delivered” roughly translates to “embedded value”

- 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