CIT Funding Sources:
GAP, CRCF and SBIR/STTR

November 2019
DO YOU HAVE THE RIGHT STUFF?

November 2019
TODAY’S CONVERSATION

Attributes of a High-Growth, High-Expectation Startup…and How To Get There

• CIT equity investment programs - long-term, active engagement
• What the journey is like from inception to exit
• What businesses are best suited for angel/venture capital…and which are not?
• Learn what professional investors really look for and why
• Discussion / Q&A
VALLEY OF DEATH: WHAT WE DO

- 220+ startup portfolio
- 100% Virginia-based
- Equity $25K-$250K

Innovation-centric
High-growth
Return + Impact

Catalytic Equity Investor Driving Virginia’s Innovation Ecosystem
Alaska and North Dakota had no VCs meeting our criteria. VCs featured have the most unique tech investments into the state. When there was a tie across multiple VCs in one state, we used recency of deals, overall deal activity, and investor quality to select the most active tech startup investor for that state. Data is from 2014 – 2019 YTD (1/24/19).
SHOWCASING A CIT RISING STAR

Senseware CEO Serene Almomemn "Crushing Tech"

50 Women-Led Startups That Are Crushing Tech

Share this post

Congratulations to Senseware CEO Serene Almomemn for being named by Forbes as one of 50 women that are "pushing the frontiers of innovation."

Senseware’s IoT Smart Building Solution is changing the industry by making real-time data from the built environment easily accessible. Read more about Forbes list of the Top 50 Women-Led Startups That Are Crushing Tech here.

Driving the Commonwealth’s Innovation Economy

207 Community Engagements

$800M in 3rd Party Investments

2,800 Jobs Created

220 Companies Launched

142 outside NO VA since FY2018
WHEN IS HIGH-RISK GROWTH CAPITAL A FIT?

Hint: From inception to exit, startups are a long-term proposition (often 10+ years)
INVESTMENT CRITERIA

Management Team / Founder
- Full-Time Commitment
- Integrity, Passion, Creativity
- Coach-ability
- Record of High Achievement

Investment Stage
- Seed-Stage Focus
- Up to 36 Months Prior to Venture Capital
- Pre-prototype – Newly-Launched Tech

Proprietary Advantage
- Unique Technology
- Defensible Intellectual Property
- Difficult-to-Replicate

Scalability
- Markets with Big Buying Power
- Potential for Dominant Market Position

Returns
- Angel -VC Multiples
HIGH-GROWTH STARTUP MOLECULE

- Market
- Team
- Idea/Product/Service
- Business Model
- Funding
WHY STARTUPS SUCCEED

SURVEY SAYS? ...
Market Timing: 42%
Team: 32%
Idea: 28%
Bus Model: 24%
Funding: 14%

2019 Data
ROCKET FUEL

Debt
- Loans
- Bonds
- Venture Debt

Preferred Stock
- Convertible Debt - SAFE
- Equity Investment

Common Stock

Grants
- SBIR/STTR
- Fed/State/Local
- Prize Money

SOURCES
- Qual. Instit. Buyers
- Private Equity
- Banks
- Gov Lender (SBA, USDA)
- Mezzanine
- Finance
- Corp. Venture
- Venture Capital
- Angels
- Friends/Family
- Founders/Sweat
- Universities
- Government
- Private Company
• A high-growth, high-expectation startup DNA is unique ... unicorns even rarer

• No one-size-fits-all investment source or type exists

• High failure rate ... the lemons ripen first

• Outsized returns make it worthwhile requiring a decade before payout
VIRGINIA’S ACCELERATOR NETWORK

Featured Partners Located Throughout the Commonwealth
## Capital Formation & Commercialization

### CIT GAP Funds
Makes seed-stage equity investments in Virginia-based technology, clean tech and life science companies with a high potential for achieving rapid growth and generating significant economic return for entrepreneurs, co-investors and the Commonwealth.

### Virginia Founders Fund
Designed to support regionally-based innovation investment opportunities for entrepreneurs underrepresented in venture capital, such as minorities, women, and veterans across VA, or other entrepreneurs located in regions outside of NOVA.

### CRCF
Accelerates innovation and economic growth in VA by addressing state, national, and international problems.

### SBIR / STTR Training
Identifies and accelerates opportunities for Virginia's small technology businesses to learn how to apply for and win SBIR and STTR awards.

### Broadband
Advocates for rural broadband initiatives, develops partnerships, helps solicit funding and provides local governments with guidance on how to bring broadband to their locality.

### University & Regional
CIT investments have funded every major Virginia University to commercialize innovations in areas such as cybersecurity, life sciences, clean energy, and data analytics. We advocate throughout Virginia to raise awareness of our funding and training programs.
OTHER CoV GRANT PROGRAMS

**Commonwealth Health Research Board**
Promotes and protects the health of the citizens of the Commonwealth through human health research.

**Tobacco Region Revitalization Commission**
Promotes economic growth and development in tobacco-dependent communities, using proceeds of the national tobacco settlement. The Tobacco Commission is a 28-member body created by the 1999 General Assembly.

**Virginia Catalyst**
Provides non-dilutive grant funding for solutions to improve human health and accelerate commercialization of breakthrough technologies in life sciences. Two or more of Virginia's research universities must collaborate with an industry partner.

**Virginia Research Investment Fund**
Fosters economic development and job creation through innovative and collaborative research, development, and commercialization efforts and the recruitment and retention of eminent researchers. The VRIF was created by the Virginia General Assembly in 2016.
Driving economic growth in Virginia by investing in technology commercialization

- ~$28 million awarded FY2012-19
- ~$2.5 million available for FY2020
- Single solicitation:
  - Letters of intent (LOIs)
  - Applications
CRCF PROGRAMS/INNOVATION CONTINUUM

Pre-Company

Research

Proof-of-Concept or Invention

Early-Stage Development

Product Development

Production

Post-Company Formation

CRCF Matching Funds Program

CRCF Eminent Researcher Recruitment Program

CRCF Commercialization Program

CRCF SBIR/STTR Matching Funds Programs
IS CRCF A FIT?

✓ Clear, unmet market opportunity
✓ Specific technology development project
✓ Management team
✓ Vision and path to commercialization of the technology
✓ Thought-through and realistic picture of the CRCF project and commercialization strategy
✓ Potential economic benefit for Virginia
ELIGIBLE INDUSTRY SECTORS

• Clean energy
• Cybersecurity
• Data analytics
• Life sciences
• Unmanned systems
USES FOR CRCF FUNDING

- Technology development activities may include but aren’t limited to:
  - Labor (development, testing, scientific analysis, etc.) and fringe
  - Building prototypes
  - Materials/supplies
  - Protecting IP

- Acceptable, but limited costs:
  - Market validation activities
  - Equipment
  - Consultants/subcontractors
  - Travel
  - General costs of doing business (indirects)
PRIVATE SECTOR PROGRAMS

• Programs offered to for-profit technology businesses:
  • Commercialization
  • SBIR Matching Funds
  • STTR Matching Funds

• Applicants may submit one LOI/application under only one of these three programs

• Prior applicants eligible to apply again, provided they have received no more than two CRCF awards

• $75,000 request/award cap

• LOI requires a valid tax ID number (EIN)
• Programs offered to public and private colleges and universities, university research consortia federal labs, and other nonprofit research institutions in Virginia:
  • Matching Funds
  • Eminent Researcher Recruitment

• Applicants may submit one LOI per Principal Investigator

• LOI must be approved by Office of Sponsored Programs or Office of Research (*for public/private higher ed institutions*)
LOI: FY2020 Approach

• Process:
  • Eligibility review – CRCF staff
  • Content review – external committee
  • Applicants notified – CRCF staff
    • Approved: invitation to submit a proposal
    • Declined: feedback on LOI

• Other considerations:
  • Character and page counts
  • Review before submitting
EXAMPLES OF PROJECT MATCHING FUNDS

• Federal, private, or other non-CoV funds that:
  • Directly support the work proposed in the CRCF application
  • Align with the project’s period of performance

• Matching funds must be **specific to the CRCF project** and could include:
  • Salaries/fringe benefits of team members
  • Materials, supplies, and/or equipment
  • Travel
  • Partner/subcontractor work
  • Waived “indirects”

• Matching funds **may not be**:
  • CIT GAP Funds
  • State contracts or grants
  • Funds expended prior to or after the CRCF PoP
<table>
<thead>
<tr>
<th>FY2020 CRCF Activity</th>
<th>Key Dates</th>
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<tbody>
<tr>
<td>CIT issues preview</td>
<td>August 7, 2019</td>
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<tr>
<td>CIT issues information on LOI</td>
<td>August 29, 2019</td>
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<tr>
<td>CIT issues RFP</td>
<td>September 25, 2019</td>
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<tr>
<td>Letters of Intent (LOIs) deadline</td>
<td>November 6, 2019</td>
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<tr>
<td>Issue proposal invitations</td>
<td>December 13, 2019</td>
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<tr>
<td>Proposal deadline</td>
<td>February 7, 2020</td>
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<tr>
<td>Proposal review</td>
<td>February 8 – May 28, 2020</td>
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<tr>
<td>Award announcements</td>
<td>Early June, 2020</td>
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PROGRAM INFORMATION AND RESOURCES

FY2020 SOLICITATION:
www.cit.org/initiatives/crcf/fy2020/

• All resources available online:
  www.cit.org/initiatives/crcf/fy2020/resources/
  • FAQs
  • Webinars and topic-specific videos
  • Samples materials (budget and application)
  • CRCF team

• Some resources are coming soon!
Q&A

QUESTIONS?
Contact the CRCF team at crcf@cit.org

JOIN OUR LISTSERV!
bit.ly/CRCFlistserv
CIT’s Federal Funding Assistance Program
For Virginia based co’s and researchers

• Assists Virginia-based tech firms in SBIR/STTR
• SBIR strategy consultation and mentoring
• Low cost proposal training and review courses
• Discounts with expert proposal consultants
• VC/Angel Capital “Readiness” review and consideration for CIT GAP Fund
• Phase “0” and “00” awards of $500-$2500 to qualified Phase I & Phase II applicants to help pay for proposal development resources.
• CRCF SBIR/STTR Matching Grant Program

Robert Brooke 703-689-3080 robert.brooke@cit.org
www.cit.org/programs/cit-entrepreneur
Upcoming Training

• **Dec. 4-5, 2019** – DOD/NASA SBIR Phase I, II & Commercialization Conference, Herndon, VA

www.cit.org/events

• **40+ Recorded Webinars**
https://www.cit.org/service-lines/cit-entrepreneur-webinars/