

Using non-dilutive funding to attract investors

Stacy Swider, VP Investments
MassVentures
April 18, 2023



Speaker: Stacy Swider

- VP Investments at MassVentures
- Invest in deep tech
 - new ways to make, measure, treat, fix, and/or calculate stuff
- 30 years experience in industry and startups
- Previously leveraged \$4M in SBIRs (including an STTR) over 4 yrs to commercialize novel nuclear detectors

Things I did →

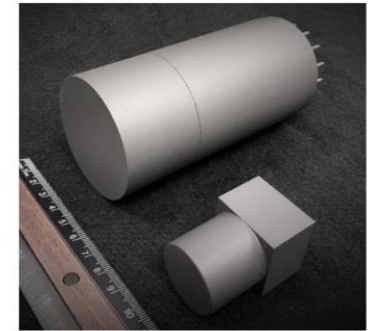
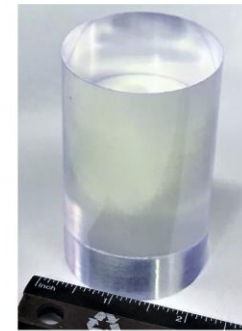


Figure IV.4 ScintiClear detectors. (Left) a $\text{\O}2\text{in}$ x4in ScintiClear crystal having 3.3% ER, (right) pre-packaged Detector Cores with PMTs, for SPRD and RIID applications.

Who is MassVentures?

- One of the oldest VC firms in US (*f.* 1978)
- MA's strategic venture arm
 - Evergreen fund → patient capital
 - Seed and Series A
- Filling gaps: early-stage tech, diverse founders
- Also manage various grant programs:
 - **START (for SBIR Phase II awardees! FEB 1)**
 - **Catalyst (cleantech)**
- Also provide general startup support:
 - No-cost **Commercialization Accelerator**
 - MassVX
 - Loan program
 - Deck coaching, introductions
 - **SBIR coaching**



Charlie Hipwood, President and CEO



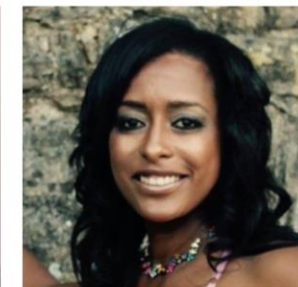
Vinit Nijhawan, Managing Director



Priya Yadav, Vice President, Investments



Stacy Swider, Vice President Investments



Sienna Leis, Venture Development Manager

What do Venture Capitalists Look For?

- Proven need for your product
- Detailed pathway to scale
- “Unfair advantage”
- Amazing, likeable team
- Big market
- Capital efficiency
- A feeling that they can be useful
- Syndication



Using Grants to create Unfair Advantage

SBIRs

- Create groundbreaking tech
 - Get data to prove your thesis
 - And a POC
 - Awards are prestigious! A mental shortcut for investors.
- Expand groundbreaking tech
 - Move into higher integration
 - Productize
- Test usability

Foundations/ Prizes

- Connect with end users
- Other market research, trade shows
- File provisional IP
- Build your power base
- Get early sales, LOS, SOWs
 - People who will take diligence calls

Using Grants for Capital Efficiency

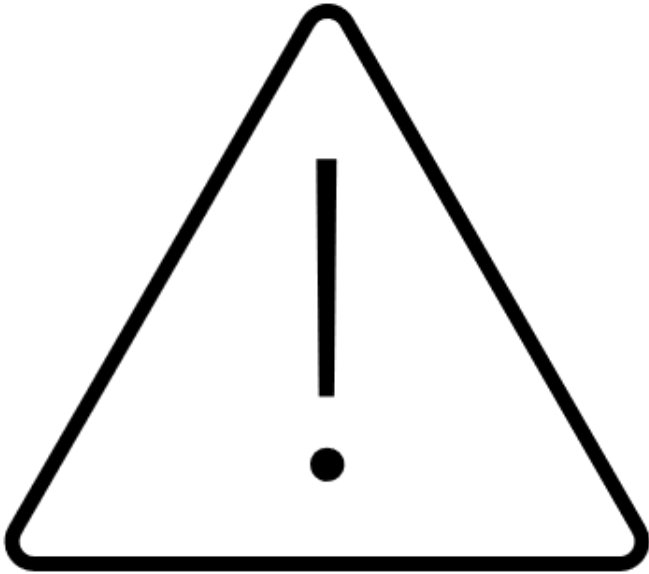
SBIRs

- Pay for scientists, materials, accountants, rent
- Offload lab work onto a University. (STTR)
- Have 2-3 yrs steady revenue pre-sales
- Extend runway of a venture raise – there is always another question and another \$1.5M needed.

Foundations/ Prizes

- Pay for interns
- Pay for patents, marketing (unrestricted)
- In kind support: FDA, IP, lab space etc.
- Free marketing

Cautions



- For grants that require a work plan, make sure it's congruent with where you hope to be in 3 years
- Work on establishing that product-market fit in parallel (fail fast)
- Grantors give... and they take away. They don't fall in love with you.
- Customer revenue always trumps grant revenue.

Thank you!

sswider@mass-ventures.com