



CommonAngels
Uncommon Expertise

Raising Money from Angels in Difficult Times

November, 2008

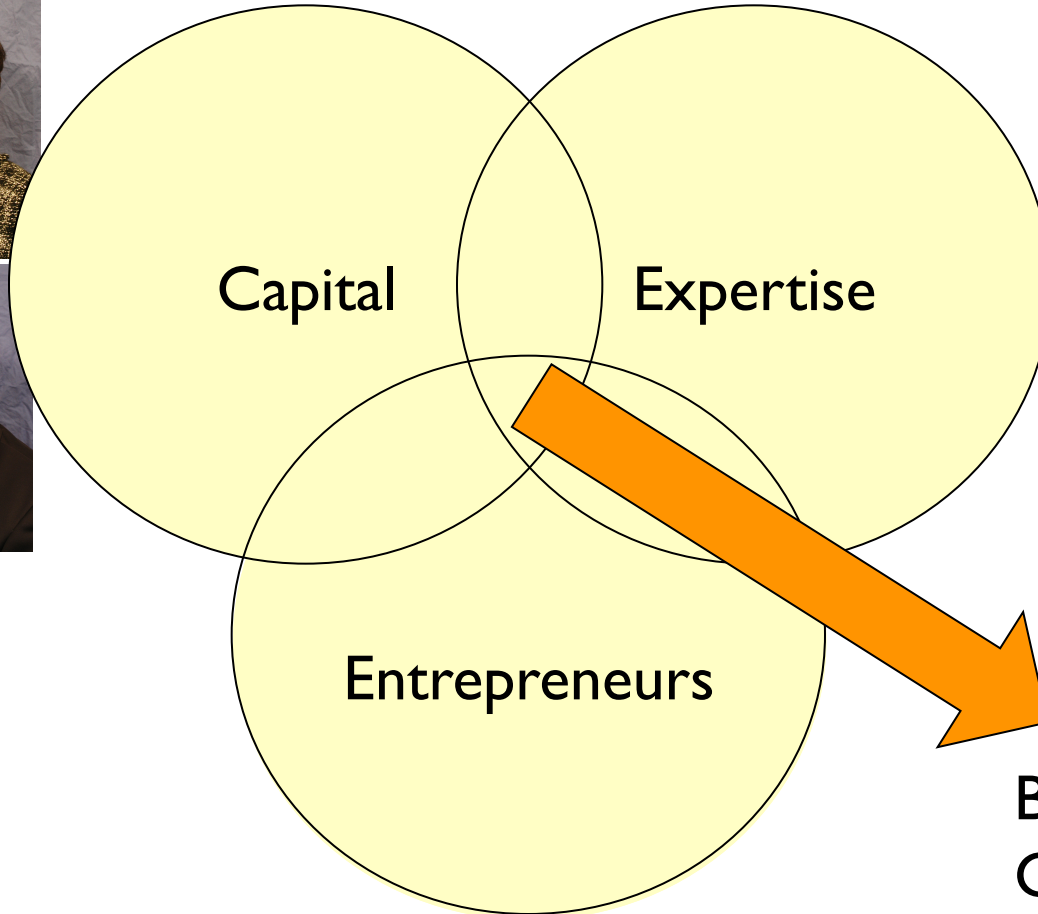
ENET

Boston Entrepreneurs' Network

Chris Sheehan, Managing Director, CommonAngels

CommonAngels – *entrepreneurial assistance*

72 leaders in Boston tech community



Build great businesses
Generate great returns₂



CommonAngels
Uncommon Expertise

Some CA Members – www.commonangels.com

Henry Ancona

*Former President and CEO,
Pegasystems and Evidian*

Paul Birch

*Former CEO GEAC Computer and
CFO, MRO Software*

Peter Bleyleben

*Chairman and former CEO,
Microfinancial*

Tom Burgess

*Founder and CEO, Third Screen
Media (acquired by AOL)*

Tom Erickson

*Former CEO Systinet and EVP
WebMethods*

Cynthia Fisher

*Founder and President, ViaCell and
Viacord*

Andy Frawley

President and CEO, Click2

Eric Giler

*Former founder and President,
Brooktrout
CEO WiTricity*

Art Goldstein

Former Chairman and CEO, Ionics

Jay Habegger

Founder and CEO, OwnerIQ

Kevin Laracey

Founder and CEO, eDocs

Peter McKay

Former CEO, Watchfire

Ken Morse

*Managing Director, MIT
Entrepreneurship Center*

Bill Poduska

*Founder Prime Computer and Founder
and CEO Apollo Computer*

Chuck Stuckey

Former Chairman and CEO, RSA Security

CommonAngels – *investment focus*

Seed/early stage

Only invest in areas of expertise

- Information technology focus, eg:
 - Software (application & embedded), hardware, semiconductors, internet services, digital media, wireless, consumers applications, networking, online games.....
 - Robotics, digital imaging, scientific instruments.....

\$300k to \$3M financings

Boston preference

Capital efficient

Organic growth vs instant company

Active portfolio

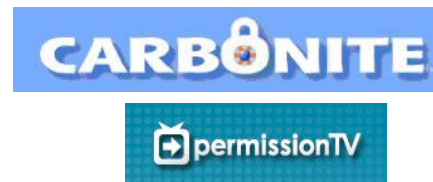
Wireless



Digital Media



Internet Services



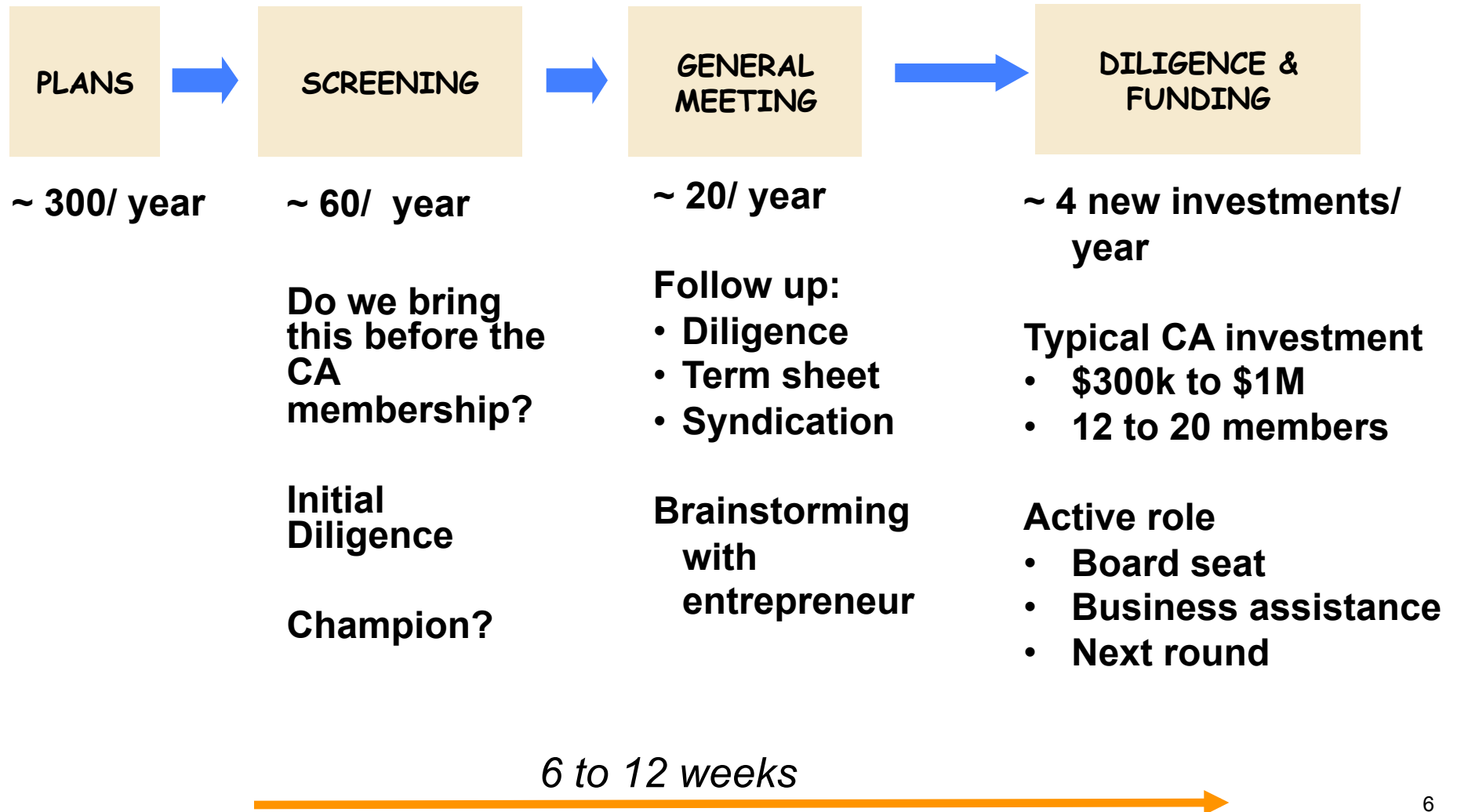
Software



Semiconductor



What's the typical process?



Elements of a fundable opportunity

- 1 **TEAM** – leadership, passionate, ability to grow into CEO
- 2 **COMPELLING PRODUCT/SERVICE** – strong and clear value proposition that solves a significant problem for a set of customers, innovative, defensible, basis for a business vs. product
- 3 **COMPELLING MARKET OPPORTUNITY** – strong need (pain killer vs. vitamin), decent size, growing, easy to reach, business model makes sense, timing right, competition manageable, validation of market assumptions
- 4 **REASONABLE FINANCING** – how much, how long, deal terms

Not all elements need to be “nailed”. Seed opportunities will be more intuitive with incomplete team , bus model, and market assumptions

However, evaluation of opportunities is part science, part art – *intuition plays a big role*

Intuitive judgments on founder/CEO and personal chemistry

- Honest assessment of +/-
- Coachable
- Team building
- Judgment vs experience

A member champion/coach helps enormously to move through the process

Current environment – *there is interest and money for new early stage investments, but...*

Net wealth fallen

Public market, real estate, other assets are now much cheaper

- *“I will buy XXX at a P/E of 6x, rather than an illiquid highly risky early stage stock”*

Perception that 2009 sales and financings will be much tougher

- *“Do the companies in my portfolio have enough cash? Should I put more \$\$ aside to support them?”*

Most compelling opportunities in this climate

Frugal/cheap/real entrepreneurship

- Not empire building

\$\$\$ lasts through 2009

- Manage burn rates and “cookie jar” accounting

Getting to cash flow positive on modest capital & growth assumptions

Don't rely on impression based advertising

Value proposition has some appeal in a recession

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