



HUB ANGEL INVESTMENT GROUP, LLC

# **Boston ENET Meeting**

October 4, 2011



# Hub Angels

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- Structured as a fund, with Management Group and Limited Partners (angels). LPs have co-investment rights
- Invest in the \$2.5mm to \$5mm pre-money valuation range
- Invest in a broad range of industry sectors
- Won't look at unsolicited deals
- Only invest in the “Boston area”
- Get in the boat and row - bringing the networks of our membership to bear, and taking a Board seat (or Observer)
- Affinity with the top local schools
- Attempt to drive companies to “early” exits

# Sample Portfolio

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- Hub Club
  - **Zipcar – Local/By-the-hour Car Rental**
- Fund I
  - SeahorseBio – Dynamic Measurement of Cell Metabolism
  - **Experion – Online Trusted Advisor S/W**
  - LifeHarbor→Vestmark – Managed Account S/W
  - **CircleLending – Online P2P Loan Administration**
- Fund II
  - Ecochlor – Ballast Water Treatment
  - **Catalyst Oncology – Reference Lab for Shc Test (Cancer)**
  - iTeam – Distributed IT Roll Out Services
- Fund III
  - Intelligent Bio-Systems – DNA Sequencing
  - Geezeo – Personal Financial Management for Banks/Credit Unions
  - Altruik – Automated Natural SEO
  - Daktari Diagnostics – Mobile CD4 Diagnostic
  - Incentive Targeting – Ad Targeting in the Grocery Industry
  - Copiun – PC/Tablet Data Management
- Fund IV
  - Localytics – Mobile App Analytics



# Hub Process

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- Generate quality deal flow from our collective networks
- Screen in two sessions prior to each of six meetings
- Prepare and present 3-4 companies to Membership
- Organize due diligence teams and work for 2-3 months
- Recommend an investment
- Communicate recommendation to Membership and vote
- Negotiate final terms and invest
- Help company grow to an exit

# Executive Summary (3 pages)

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- **Company Name, Type** (*S, C, LLC*) **and Date Founded**
- **Location** (*primary location of business*)
- **Referred by** (*who referred you to the Hub Angels*)
- **By-line** (*promotional statement – 7 words maximum*)
- **Focus** (*briefly, what is the problem facing the target market*)
- **Product** (*briefly, what is your product, how does it solve the market's problem, and what stage of development/implementation is it*)
- **Addressable Market** (*what is the specific size of the addressable target market in \$, and what are the major segments*)
- **Revenue Model** (*describe in words the revenue model*)
- **Projections** (*list revenue - actual and projected - expected break-even point, and projected total headcount by year*)

	2010	2011	2012	2013	2014	2015
• Revenues (\$000,000)						
• Margin						
• Break-even point						
• Head count						
- **Competition** (*with specific company names, describe both the direct and indirect competition, and your advantage over each*)
- **Management Team** (*state total # of full-time employees and list the senior management team with their history/expertise*)
- **Burn Rate** (*what is the present net monthly burn rate*)
- **Board/Advisors** (*list the members of the board and advisors with a brief description of each*)
- **Intellectual Property** (*describe any patent, trademark or copyright ownership and its strength and relevance*)
- **Present Ownership/Investors/Valuation** (*list ownership and valuations for previous investors with dates of previous investments*)
- **Pre-Money Valuation** (*present valuation of the company*)
- **Type of Security Offered** (*specific type of equity or debt security, e.g. Series A Preferred, Bridge Loan, etc.*)
- **Subscription Amount, Total Estimated Capital Requirement** (*min/max capital desired in this round, and an estimate of total capital required to exit*)
- **Exit Rationale and Comparables** (*list likely exit scenarios and relevant comparable examples of other company exits in the space – with exit multiples*)



# Presentation (15 slides – 15 min presentation)

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- Slide 1 – Company Name, Contact
- Slide 2 – Overview of Key Take-away Points
- Slide 3 – Goal of Company
- Slide 4 – Target (Addressable) Market
- Slide 5 – First Product w/ Hint at Product Extensions
- Slide 6 – How Product Works
- Slide 7 – Revenue Model
- Slide 8 – Pro Formas w/ BE, Headcount, Margins, Etc.
- Slide 9 – Competition
- Slide 10 – IP/Barriers to Entry
- Slide 11 – Team Including Board/Advisors
- Slide 12 – Capital Requirements and Current Deal
- Slide 13 – Exit Strategy w/ Comparables
- Slide 14 – Summary
- Slide 15 – Company Name, Contact



# What do Angels look for?

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- Stuff they know, people they like, close to where they live
- Collateral...keep it simple
  - Executive Summary (1-3 pages)
  - PowerPoint (15 slides)
- Pitch...focus on reality
  - Addressable Market Size
  - Pain Points in the Market
  - Unique Ability to Address that Pain
  - Barriers to Entry against other competitors
  - At Least One Star on Management Team
  - Impressive Board/Advisors
  - Examples of Comparable Exits



# Red Flags

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- Youth and/or inexperience in starting/running a company
- Few barriers to entry (IP, expertise, first mover)
- Old and new competitors
- Pure technology plays
- Requires FDA approval
- Will take \$25 million in capital
- High burn rate with no revenues
- Dumb statements
  - “Get in now while the valuation is low”
  - “We’re closing our round this week”
  - “Our valuation is \$40 million”
  - “There is no direct competitor”
  - “We intend to flip the company in 12 months”
  - “We’re smarter than the competition”
  - “Invest in us because we won the \$50k Prize”



# Thank you

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