



# Venture Financing

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# Introduction

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Businesses need varying amounts of funds at different stages.  
In short, you need money to make money.

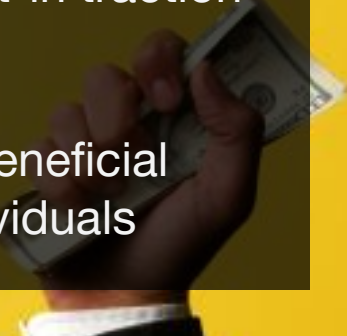


Part A: Top Venture Financing Options  
Part B: Top Industries/Sectors To Invest In



# - Section A -

Financing Options

# Crowd Funding



Crowdfunding is the practice of funding a venture by raising small amounts of money from a large number of people, usually via the internet.

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*Pros:*

Increased visibility online + built-in traction

*Cons:*

More difficult to raise funds

Doesn't necessarily yield any beneficial relationship with influential individuals

# Accelerator | Incubator

They provide startups with small amounts of funding, mentorship, important connections, and working space in exchange for equity in their business.

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## *Pros:*

Shared lessons and mentorship + capital + PR value + Great for first time CEOs

## *Cons:*

Distracting working environment + confusion

# Angel Investor

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An angel investor invests in a new business, offering capital for startup or expansion.  
Investment Range: \$25,000 - \$1.5 million

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*Pros:*

Accessibility + Fast speed

*Cons:*

25% up rate of return expected

Rare “follow-up” investments

Ceding of control

# Venture Capital

A Venture Capital firm specializes in funding high-risk, high-potential startup companies in exchange for equity.

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*Pros:*

Connections + Liquidity

*Cons:*

Loss of equity

Ceding of control

# Impact Investors

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Investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return.

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*Pros:*

Market could grow to \$3 trillion

*Cons:*

Market stays thin and fragile

ROI needs new standard measurement



A photograph of several young green seedlings with two leaves each, growing out of a white plastic seedling tray. The soil is dark brown and moist. The tray is filled with soil and some white paper or plastic liners. The background is a plain, light color.

# - Section B -

## Target Sectors

# A.I.

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Artificial intelligence is the intelligence exhibited by machines or software. It includes the theory and development of computer systems able to perform tasks that normally require human intelligence.

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## Nature of Opportunity

- VC money has exceeded **\$2 billion** since 2011.
- More than **170** start-ups have jumped on the AI bandwagon. In 2014, investors poured **\$309 million** into AI startups across more than 40 deals.
- The global market for smart machines will grow to **\$15.3 billion by 2019**, with an average annual growth rate of 19.7 percent.

## Challenges / Risks

- **Unemployment**
  - 47 percent of total U.S. employment is “at risk”
- **Technology glass ceiling**
  - There is a lot room for AI to be improved.



# Healthcare

A blue stethoscope is positioned diagonally across the frame, resting on a white ECG (heart rate) line. The background is a solid blue color. The stethoscope has a silver chest piece and blue tubing with blue ear tips. The ECG line is white and shows a regular rhythm.

The Healthcare Sector is a complex industry — from research and study of science to digital health solutions, there are many players. This makes the Healthcare sector rich with opportunity and a multi-faceted playground for entrepreneurs and investors alike. There is something for everyone.

Life Sciences • Pharmaceuticals • Biotech • Digital Health Solutions

## Nature of Opportunity

- Life Science investments **delivered 5x returns over Tech** in the past decade
- Healthcare venture capital has been outperforming; **healthcare services and biopharma performing best**
- Investment money is going toward **later stage funding**
- Corporate VCs and traditional institutional venture investors are investing heavily in **digital health solutions**
- Healthcare took over **80% of venture-backed IPO activity** in Q3 2014

## Challenges / Risks

- **Capital intensive**
- **Policies and regulations**



# Water

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The Water Sector is an outdated and underserved industry. It is highly capital intensive and not likely to yield returns in the short term. However, it is a critical industry and one we must invest in for our future.



## Nature of Opportunity

- **\$100 billion** market in United States
- Innovations of interest: **Supply Enhancement, Demand Management, Governance Improvement.**
- Key investors: venture capital, corporate investment, and public investment.

## Challenges / Risks

- Water systems are complex and highly fragmented
- Political pressure for low water rates
- Regulations
- Lack of access to **affordable capital**



# Education

Education serving just K-12, postsecondary, and corporate training segments is a \$120 billion plus industry.

The for-profit segment of this industry is only recently emerging.

## Nature of Opportunity

- **\$1.3 trillion**
- **Increase at a 3.8%** (CAGR)
- The **K-12 segment** is a huge opportunity
- **Technology** is a driver for success

## Challenges / Risks

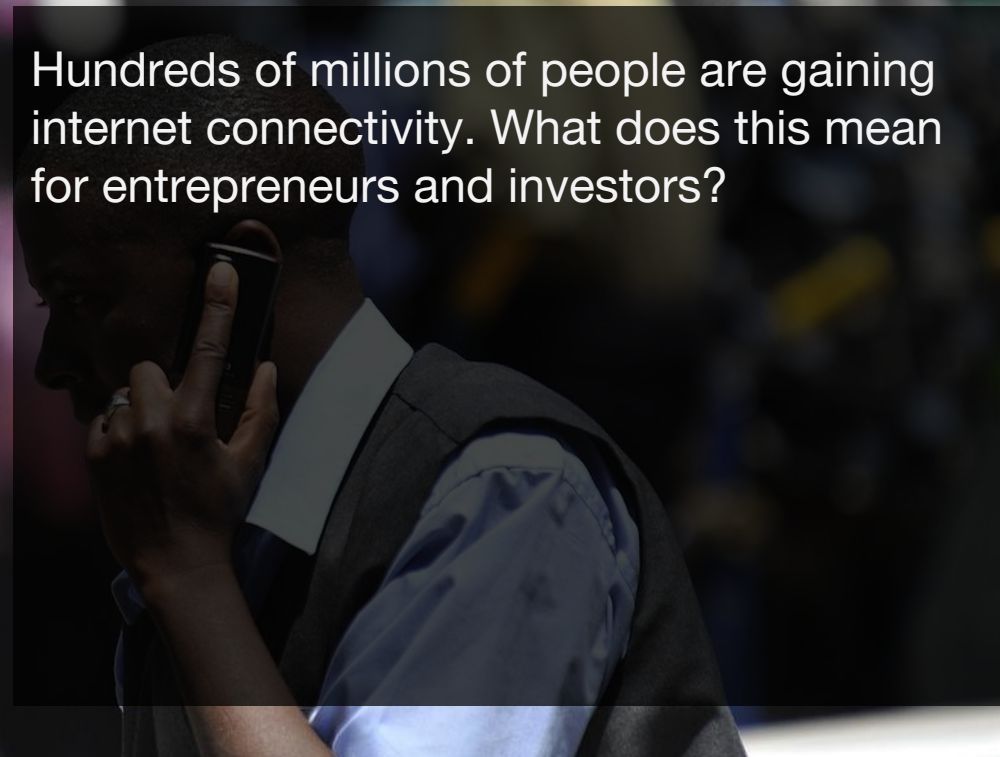
- **Government regulation**
- **Economic cyclical matters**
- **MOOCs**
- **The stocks move together**
- **Sluggish access to capital**



# Emerging Markets

aka Developing Countries

Hundreds of millions of people are gaining internet connectivity. What does this mean for entrepreneurs and investors?



## Nature of Opportunity


- Investment Hotbed = **\$5 Trillion** Opportunity
- **50% of World's GDP** in 10 Years
- Governments Subsidies = **Innovation**
- Compelling **Problems to Solve**
- **Market Share** "Land Grab"



## Challenges / Risks

- **Payment Problems**
- **Broken Government Infrastructure | Corruption**
- **Inefficient Transportation Systems**
- **Cultural Disconnection**





## Conclusion

*Entrepreneurs: Not all money is created equal*  
*Investors: Where might prosperity be tomorrow?*

**Thank you.**