

# NASVF QUARTERLY NEWSLETTER

JULY 2011

NASVF UPDATES AND ORGANIZATIONAL NEWS

ISSUE FOUR



## A Message from Jim Jaffe, President & CEO

Dear NASVF Members:

Welcome to Summer 2011. I hope you are enjoying the activities of summer and taking that well-deserved vacation that we work so hard for all year long. At NASVF, summer is clearly a time for accelerated activity. Preparations for the 18th Annual NASVF Conference started 6 months ago and are now kicked into high gear. This year we move to Arlington, Texas and are hosted by our good partners at the Center for Innovation.

The Center for Innovation is a public private partnership established by the Arlington Chamber of Commerce and the University of Texas at Arlington, to facilitate technology led economic development by fostering collaboration between university and government research, industry and venture capital.

This year's Conference is expected to be one of the best attended. We will showcase the investment community of Texas, the emerging Texas innovation-based start-ups at a special reception being held at the Texas Rangers Baseball Stadium and our sessions featuring the changes, challenges and successes of Innovation Capital over the past year. (And, while you're in Arlington you might want to check out the new Dallas Cowboys Football Stadium next door to Rangers Stadium).

We will be featuring panel sessions on:

- The Investor Upside of Economic Development Efforts
- How Investors Mentor Portfolio Companies: A Real and Practical Look at Transforming Underperforming Companies into Winners
- Innovation Capital: More than Angels and VCs
- TATRC: Investing in Market-Ready Federal Lab Technologies
- Emerging Best Practices in Entrepreneurship: Successful Approaches for a Changed Market
- Early Stage Investing Using Grants, Equity, and Mentoring-A North Carolina Case Study
- AND MORE.....CHECK OUT THE CONFERENCE AGENDA @ [WWW.NASVF.ORG](http://WWW.NASVF.ORG)

We are also featuring Conference and Membership Specials starting from \$495! So, enjoy the summer and get ready to attend the 18th Annual NASVF Conference!

Committee involvement has been outstanding! Many new developments and improvements have come from your input. Please read page 3 of the Quarterly for updates on each committee. I look forward to having you join and become involved with steering NASVF into the future.

Warm regards,

Jim Jaffe

### **In this Issue:**

- Message from Jim Jaffe
- Welcome Wagon: Introducing New NASVF Member
- NASVF Committee Achievements and Updates
- SBIR Proposal Writing Tips
- New Membership Benefits
- Introducing "Innovation, America's Journal of Technology Commercialization"



# NEW NASVF MEMBERS!

## **New Venture Advisors, [www.newventureadvisors.com](http://www.newventureadvisors.com)**

Bryan Lord, President. [bryan@newventureadvisors.com](mailto:bryan@newventureadvisors.com)

*We provide a host of support services for your business including accounting, payroll administration, benefits administration, legal services, public relations, graphic design, and IT administration. We understand the myriad complex challenges you face in growing your business. That is why we specialize in venture finance, corporate development and intellectual property strategy and licensing.*

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## **Vermont Center for Emerging Technologies, [www.vermonttechnologies.com](http://www.vermonttechnologies.com)**

David Bradbury, President. [David@vermonttechnologies.com](mailto:David@vermonttechnologies.com)

*VCET is a leading-edge technology incubator serving all of Vermont under a mandate to increase technology startups and accelerate next generation job creation for this generation of Vermonters. VCET offers a targeted business incubator program designed to foster the success of high opportunity technology firms by providing firms with substantive business mentoring along with traditional incubator services.*

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## **Sevin Rosen Funds, <http://www.srfunds.com>**

Dr. Jon Bayless, Partner. [jbayless@srfunds.com](mailto:jbayless@srfunds.com)

*The Sevin Rosen team takes a very active and team-oriented approach to helping entrepreneurs throughout every stage of the company-building process. We examine technology trends, identifying those technologies we believe will transform entire industries. Our emphasis is on what will happen next, what will succeed, and then, what will endure.*

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## **Maywood Capital Group, [www.maywoodcapital.net](http://www.maywoodcapital.net)**

Lynn Gonsior, EVP. [lynn.gonsior@maywoodcapitalgroup.com](mailto:lynn.gonsior@maywoodcapitalgroup.com)

*Maywood Capital is a private, Ohio-based business acquisition and development firm that invests capital in exchange for equity ownership of high growth potential start-up companies and established businesses.*

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## **New Orleans Startup Fund, [www.neworleansstartupfund.org](http://www.neworleansstartupfund.org)**

Jeremy Hunnewell, Due Diligence Director. [jhunnewell@neworleansstartupfund.org](mailto:jhunnewell@neworleansstartupfund.org)

*The New Orleans Startup Fund is a non-profit 501(c)(3) evergreen seed fund established by Greater New Orleans area business and financial leaders to accelerate the growth of early-stage, innovative businesses into venture-ready companies. The Startup Fund's mission is to create jobs and economic prosperity for the Greater New Orleans region by providing seed capital and business assistance to early-stage firms.*

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## **Antera Gestao de Recursos, [www.anteragr.com.br](http://www.anteragr.com.br)**

Robert Binder, CEO. [binder@anteragr.com.br](mailto:binder@anteragr.com.br)

*Antera is an asset management firm dedicated to early stage VC and seed capital in Brazil. Currently manages the Criatec Fund, a \$60 million multi-sectoral fund that invests in seed stage innovation throughout Brazil.*

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## **Silicon Valley Bank, <http://www.svb.com>**

Carrie Walsh, Managing Director-Entrepreneur Services. [CWalsh@svb.com](mailto:CWalsh@svb.com)

*Silicon Valley Bank is the premier commercial bank for companies in the technology, life science, venture capital, private equity and premium wine industries. SVB provides a comprehensive suite of financing solutions, treasury management, corporate investment and international banking services to its clients worldwide.*

## Committee Descriptions

### **Membership**

Recommends long-term strategic membership goals and benefits. It works together with management to retain and recruit members.

### **Advocacy**

Recommends long-term strategic policy goals to the BOD working closely with the NASVF management team.

### **Conference**

Recommends, selects, and develops conference sessions and overall program content for the annual event.

### **Strategic Planning**

Develops and strategizes with NASVF management and board of directors the overall goals and mission strategies for the organization.

### **Communications**

Aids NASVF management with developing new and effective modes and strategies for communication and membership outreach through NetNews, website and other publicity vehicles.

### **Federal Programs**

Develops and recommends strategies to work effectively with Federal Labs, grant and program initiatives.

### **Committee Minutes**

All of the meeting minutes are available on the NASVF website and can be viewed by Members Only.

To join a committee, contact: Kelly O'Day at [kelly@nasvf.org](mailto:kelly@nasvf.org) or 207-653-7648

## **NASVF COMMITTEE UPDATES!**

### **Membership**

NASVF is growing! You now have access to nearly 800 colleagues in 170 organizations throughout the world! Reach out to fellow members by logging in to the Member Only section and searching the Directory. We are happy to facilitate introductions. This committee is developing a regional ecosystem where members can network with each other, syndicate deals and begin to truly grow their regional infrastructure. Join us at the conference where we will have regional networking opportunities. Suggestions are always welcome.

### **Advocacy**

This committee is now being chaired by Charles Sidman who is asking for additional action beyond the quarterly meetings. NASVF members will be asked to actively engage government and others to provide external outreach to help shape the environment in which we work. The Advocacy committee will strive to affect a change in the laws and regulations within which we professionally operate. We would like to have a voice to shape issues before they are called to a vote. Also, check out the new tab "Policies" on the NASVF website for updates about the EDA, SBIR and much more.

### **Conference**

The 18th Annual NASVF Conference is scheduled for October 17-19, 2011 in Arlington Texas. The program continues to be developed and some very exciting sessions are in place with experienced and engaging panelists. You can view the agenda on the NASVF website, [AGENDA](#). NASVF would like to congratulate two outstanding people to receive the "Excellence in Entrepreneurial Capital Formation" Award. Dr. Jon Bayless with Sevin Rosen Funds and the Georgia Tech Enterprise Innovation Institute run by Wayne Hodges. Both gentlemen have been invited to speak about their successful programs at this year's event. We will also be hosting an Entrepreneurial Showcase featuring companies from each of the 7 Regional Centers for Innovation and Commercialization in Texas. Click [HERE](#) to register!

### **Communications**

NASVF is reaching out to its membership and beyond. Follow NASVF on Facebook and Twitter or join in the LinkedIn discussions. NASVF will unveil its update of the State Fund Report at the conference and you, as a member of NASVF, can get access to a media kit to introduce this national report on seed capital programs from your very own local perspective. More information to come...

### **Federal Programs**

Have you visited the NASVF site lately to see the new "TechCorner" tab? This provides RSS feeds from Federal Labs, Federal Agencies, University Tech Transfer offices and NASVF members too. YOU can share your company's newsletters and information via RSS feed by contacting Richard Miller at [rmiller@nasvf.org](mailto:rmiller@nasvf.org).

### **Strategic Planning**

This committee develops and manages the strategic process and measures the progress of the 5 committees. The next meeting is scheduled for Monday, October 17 at the start of the conference. Please join in!

## Best Practices

**Patrick G. Morand**  
**Managing Director**  
**SWMF Life Science Fund**

### SBIR Proposal Writing Tips

The following proposal writing tip was provided by Gail & Jim Greenwood. Past SBIR proposal writing articles written by the Greenwoods are available on the Greenwood Consulting Group, Inc. (GCGI) web site at [www.g-jgreenwood.com](http://www.g-jgreenwood.com).

SBIR Proposal Writing Basics: Tips on Your Principal Investigator

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Many years ago (1999 to be exact) we did a proposal writing tip on the SBIR/STTR principal investigator (PI). In case you missed that article, or don't have the long term memory you once had, we want to summarize a couple of the points made in that article and add some other advice. If you want to see the original 1999 article, you can find it at our website, [www.g-jgreenwood.com](http://www.g-jgreenwood.com) under the SBIR tab.

The PI is the person designated to plan and direct the proposed research project. He or she must appear, in the bio or resume included in the proposal, that they are qualified to lead the proposed project. They do not necessarily have to perform all of the research, but they must have significant involvement in the project and appear technically qualified to oversee its conduct and completion.

Each agency has its own requirements for the PI, but a common one is that the PI must be "primarily employed" by the SBIR applicant firm during the proposed Phase 1 or 2 project. Primarily employed always precludes your PI from working full time for someone else during this time. Read carefully what your agency means by primarily employed--some say not working more than half time elsewhere, others say not more than ¾ time, while others just say less than full time. We know what you are thinking: your PI is a workaholic, so he/she will put in 40 hours at a "real job" and then put in 45 hours for your SBIR firm, so he/she is working less than half-time elsewhere. Sorry, but the agencies are well aware of that "strategy," and will tell you that working 40 hours for another employer precludes that person from being the PI for your project.

Take careful note that the primary employment requirement only kicks in when the SBIR/STTR project is awarded. Put another way, there is no need for your proposed PI to quit his or her real job elsewhere until your firm is "under contract" to perform the SBIR/STTR project. This can be very helpful if you want to add senior personnel to your company but can only afford to do so when you know you will have an SBIR/STTR project to support them. It also may help you with NSF's recent SBIR requirement that any given person can be designated as the PI on only one proposal per solicitation deadline: if you are a small firm, and want to propose multiple projects to NSF under the same submission deadline, you could designate persons as PIs on some of those proposals who are not yet employed by your company (or who do not meet the primarily employed criterion) as long as they can meet NSF's requirements by the time the grant is awarded to you.

But what if the person you want to designate as the PI on your project is a tenured faculty member at a major university, or a senior scientist at a Federal laboratory? And what if their institution does not allow them to take entrepreneurial leave or drop down to part time status without jeopardizing their status or benefits? We can suggest two alternatives in such situations.

First, you may want to consider going with an STTR project rather than an SBIR project. Most agencies (except NSF) allow the PI on an STTR project to be employed by the university or Federal lab. However, as the Dept of Energy points out, you need to carefully consider how your small firm can maintain control and direction over the project if the PI is at the university or Federal laboratory.

Second, the primary employment requirement only applies to the PI on an SBIR/STTR. Therefore, if you have a shining technical star, who you ideally would like to have as your PI but who cannot meet the primary employment criterion, you should keep them on the project in some capacity other than PI--that could be as a part-time employee, or as a consultant or subcontractor (as long as you stay within the maximum allowed).

Two final words of advice:

The agencies get really irritated if you propose one person as your PI, and then try to switch to someone else

after the agency has selected your project for award. The term for doing this intentionally is "bait and switch," and is seldom tolerated. Everyone recognizes that things happen and for reasons beyond your control the person you designated as the PI on your proposal may not be able to assume the role--if this happens, then (a) be prepared to explain why the original PI is not available (and your explanation should clarify that you are not doing the bait and switch, and that you had no expectation prior to submitting the proposal that this person would not be able to fulfill the PI role), and (b) have a suitable PI substitute identified. In fact, make that substitute more than suitable--ideally they should be SUPERIOR to the originally proposed PI, and you should tout them as such.

As a related issue, we get asked whether an SBIR/STTR company can change its PI between the Phase 1 and 2 portions of a project. The answer is generally yes, with some important considerations. First, do not surprise you with a superior skill set to serve as your Phase 2 PI, so this change looks like an agency by submitting a Phase 2 proposal with a different PI than they worked with in Phase 1--give the agency advanced notice, and even try to introduce the proposed Phase 2 PI to the agency before submitting the Phase 2 proposal. Second, explain openly and honestly with the agency why the change is necessary--it may be because a different skill set is appropriate for the Phase 2 PI, or it may be because your firm and the Phase 1 PI have parted ways. Third, find a person improvement in the project. Fourth, if possible, keep the Phase 1 PI on the Phase 2 project in some capacity to demonstrate continuity between the two phases. Finally, because PIs (and other employees) sometimes have a falling out with their employer, you need to make sure you have employment agreements (that covers things like intellectual property ownership and non-compete requirements) in place BEFORE you have "issues" with the PI.

Gail and Jim Greenwood may be reached at the following address:

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***Business Modeling and Analysis Software. Investors and business supporters use EquityNet's patented Enterprise Analyzer™ software to screen deal flow and to support and monitor young businesses. Benefits include business plan standardization, risk, return, and valuation analysis, and 50 benchmarks derived from over 500 peer businesses. NASVF members can receive special discounts of up to 50%.***

***Expert Research Services. EquityNet combines proprietary business data with over 200 SMEs to generate high quality research that is tailored to the specific needs of clients. NASVF members can receive special discounts of up to 20% on EquityNet's Market, Competitive, Opportunity, Intellectual Property, and Technology analysis research reports.***



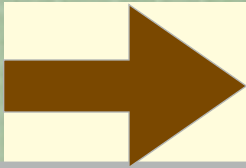
**ANGELSOFT**

***NASVF Members receive complimentary Angelsoft software. The most important aspect of using Angelsoft, and the main reason why NASVF has secured free licenses for its members, is SYNDICATION! Angelsoft seamlessly provides organizations the ability to share deals, refer deals, co-invest on deals, and bring in outside guests and members to deals as necessary with full permission and support. By having all NASVF funds on the same platform, along with the 650 other early stage investment groups across the globe in 70 countries, NASVF members can collaborate on funding the best deals, regardless of where they originate. The global, professional, early-stage funding community has standardized on Angelsoft, and NASVF has now ensured that members will receive free access.***

***Angelsoft is the leading global platform for the sourcing and management of early-stage investments. Angelsoft powers the entrepreneurial economy, enabling qualified entrepreneurs to get financed by the smartest investors. Its knowledge and collaboration tools support all aspects of deal flow management, from pitch to exit.***

# Innovation

AMERICA'S JOURNAL OF  
TECHNOLOGY COMMERCIALIZATION



## NEW MEMBER BENEFIT

We at NASVF are pleased to announce a partnership with Technology Ventures Corporation (TVC), publisher of *Innovation: America's Journal of Technology Commercialization*, an award winning national publication. The magazine, with a circulation of over 17,000, will be available to any NASVF member as a free subscription. Initially it will be mailed to NASVF member organizations but free subscriptions are available online at [www.innovation-america.org](http://www.innovation-america.org). After three issues have been mailed, members will be able to continue to receive the magazine at no cost by completing a subscription card.

The magazine's audience is scientists and administrators at national labs and academic research institutions, the investment community of venture capitalists and angels and government officials involved in technology and economic development.

TVC is a not-for-profit charitable foundation founded by Lockheed Martin to support the commercialization of

government-funded technologies, initially at Sandia National Laboratories. The company now engages with eight of the Department of Energy national laboratories in supporting technology commercialization.

The TVC model, favoring private investment, has an unmatched record in the nation for job creation. TVC client companies have received in excess of 200 private funding events, totaling more than \$1.2 billion and resulting in more than 13,000 jobs.

Last October, TVC was identified as one of the top six companies in the nation by the U.S. Department of Commerce for technology commercialization and entrepreneurship. In a \$12 million innovation competition led by Commerce's Economic Development Administration, in partnership with the National Institutes of Health and the National Science Foundation, TVC will receive at least \$1 million to continue and expand its economic development efforts.