Fit, Fits, Foils and Fortune?
Freestyling With Venture Capital To Develop University-Licensed Technology

Patrick Govang
Technology Licensing Officer, Cornell University
&
Founder, e2e Materials, Inc.

April 12, 2017 Wells College
A little bit about Venture Capital

Seed
Concept/Research
Market Validation
Product Development
Initial Sales
Commercial Sales
Series A
$5-10M
Series B
$10-20M
Series C
$20M+
Market Expansion
IPO
A little bit about Venture Capital

Seed $  
Concept/Research

Grants

Angels

Market Validation
Product Development
Initial Sales

Series A
$5-10M

Series B
$10-20M

Series C
$20M+

10x Return Expected...  
If VCs invest $50M, they want to build a company worth $500M

Founders, if still around, generally own around 8% at this time

Commercial Sales

Market Expansion

Initial Sales

Commercial Sales

Market Expansion

IPO
First Time Entrepreneurs Success Rate:

- **Seed $**: 18%
- **Grants**: Series A $5-10M
- **Angels**: Series B $10-20M
- **Commercial Sales**: Series C $20M+
- **Market Expansion**: 47%

Steps:
- Concept/Research
- Market Validation
- Product Development
- Initial Sales
- Commercial Sales
- Market Expansion
First Time Entrepreneurs Success Rate:

- **Seed $**: 1.48%
- **Series A $5-10M**: 3.15%
- **Series B $10-20M**: 9%
- **Series C $20M+**: 9%

Stages:
- **Concept/Research**
- **Grants**
- **Market Validation**
- **Product Development**
- **Initial Sales**
- **Commercial Sales**
- **Market Expansion**
US Growth Equity Deal Flow by Year ($ Billions)

Source: 2017 NVCA Yearbook
$915 million invested in 21 Ethanol and Biodiesel Production Facilities range $4M - $214M (Series A or Project Financing)
e2e named top emerging business
Ithaca-based company makes biodegradable composites

By William Kate
The Associated Press

ITHACA — An Ithaca-based company that uses soy protein and natural fibers to make high-durability biodegradable composite materials was chosen Thursday from among five finalists as the winner of a $100,000 prize for the top emerging business idea in Upstate New York.

e2e Materials was selected by a panel of five top venture capitalists and business leaders for the winner-take-all EssentialConnections.org Emerging Business Competition.

E2e Materials Wins Johnson School’s Big Red Ventures Business Idea Competition

Record Number of Entries Compete for over $100,000 in Prize Money

April 24, 2007 | Ithaca, NY - The Johnson School at Cornell University today announced that e2e Materials won the seventh iteration of the Annual Big Red Ventures Business Idea Competition with its biodegradable composite technologies.

Contact: e2ematerials.com or (607) 215-4066

Comet Skateboards Relocates Manufacturing to Ithaca

Innovative skateboard producer takes advantage of e2e Materials’ sustainable technology

October 3, 2007 | Ithaca, NY | Comet Skateboards and e2e Materials today announced the relocation of Comet Skateboards’ manufacturing operations from Chico, California to Ithaca, New York. Today's announcement was made by Comet Skateboards, LLC, which will produce three new skateboards incorporating e2e Materials’ exclusive biocomposite technology. Comet expects to hire 16 employees when the operations are fully phased in. Comet will maintain its headquarters and offices in Chico, California. Comet’s other brands include Decksaver and Northstar.

Contact: Comet Skateboards, LLC
Phone: (530) 714-7700
Website: comet-sports.com
FITs

• July: Lucrative early stage deal with furniture partner pulled off the table
• October: 3 series A VC targets call within 2 days to ‘reschedule’
FITs

- February: Close debt financing
- May 16! Pivot

3D Forming vs 4x8 Sheets 2009
FITs- Capital Commitments to U.S. Venture funds ($ Billions)

Source: 2016 NVCA Yearbook
Freestyling

Series A – non-typical

Funding source for Series B unclear

1 in 50.... now 1 in 300.....

Multiple strategies/plans for various funding amounts
Freestyling

Solving significant challenges.....

Pilot production line

Team growth

Sales!

More Awards!

2010- 2012
Freestyling

e2e Materials Wins ‘Composites Sustainability’ Award at Composites 2012 Conference

Leading Biocomposite Materials Innovator Earns Prestigious Award for its ‘Transform Worksurface’ Product from American Composites

February 26, 2012 07:00 AM Eastern Standard Time

ITHACA, N.Y.--(BUSINESS WIRE)--e2e Materials, an innovative clean technology spinoff of Cornell University that develops products made from its advanced biocomposite materials used for the furniture and cabinet industries, today announced its TransFORM(TM) Workstation has garnered the prestigious Gold and Innovation Awards in the Best of NeoCon 2012 product competition and a 2012 Product Innovation Merit Award from Buildings Magazine.
Fast-Growing e2e Materials Opening Major Manufacturing Facility in Geneva, NY

Award-Winning Clean Technology Developer of BioComposite Materials Ramping up Manufacturing Capacity to Meet Growing Demand from Fortune 100 Customers

ITHACA, NY--(BUSINESS WIRE)--e2e Materials, an innovative clean technology spinoff of Cornell University that develops advanced biocomposite materials used in a wide array of products for the furniture and automotive industries, today announced significant expansion plans to reinvigorate a major manufacturing facility in Geneva, NY. The 100,000 square foot facility, projected to support up to 200 green jobs over the next five years, will manufacture a variety of environmentally friendly products based on the company’s hydrocarbon-free biocomposite materials developed through 15 years of research at Cornell University.
FOILs

Pace of Retrofit vs Replacement in Commodity Marketplace

Serious Energy implodes

Force fit to VC return requirements

= a new strategy

2012
FOILs

2012
Serious Energy in Serious Trouble

The green building startup sees an exodus of talent as it exits the energy software and financing space to refocus on materials.

by Jeff St. John
April 05, 2012

Serious Energy, the green drywall and windows company that's spent the past two years pushing into building energy efficiency software and financing, is shedding key staff as it officially abandons those lines of business to refocus on its building materials core.
FOILs

10x Return for VC = $100M Company in 5-6 years

Series A plan


Series B Plan

Need for financing drove all decisions

2012

$100M
BIOCOMPOSITE SOLUTIONS that are...

STRONGER. LIGHTER. SAFER. CHEAPER.

...and GREEN From the Ground Up.

2017
VC funding not a fit for all capital/R&D intensive technologies

Today’s funding strategies are a function of market and demand

Multiple paths exist that didn’t before

But the VC ‘path’ is well established...
Venture-Capital Firms Draw a Rush of New Money

Endowments and pensions help raise $13 billion this year, the most since 2000

By ROLFE WINKLER

March 29, 2016 7:50 p.m. ET

Venture-capital firms are raising money at the highest rate in more than 15 years, even as the values of some once-hot startups have begun to cool.

With the quarter nearly over, U.S. venture funds have collected about $13 billion, which