Raising Capital for a Cleantech Startup

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5312 Consulting, LLC

Clean Energy Connections
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Topics

• Fund-raising basics
  – Meeting investors
  – Building the case for funding

• Evolution of VC + Cleantech
  – What has changed?
  – New strategies for funding
Meeting investors

Volunteer, get involved
Meeting investors

If currently employed elsewhere, get out at least once per week
Meeting investors

*Tap your own network – you may be surprised*
Meeting investors

Meet service providers in the cleantech community
Meeting investors

Professors can be a source of introductions (and feedback)
Meeting investors

Be visible – attend, speak at events, panels, etc.
Building the case for funding

Read *The Art of the Start*, Guy Kawasaki

- Build something meaningful, long-lasting, valuable to society – don’t do it for the money
- Show traction / sales
- Clean story on IP, capital structure, team, regulatory compliance
- Disclose everything – upfront
- Honest assessment of competition
Building the case for funding

*Not all investors are the same*

- Target the right kinds of investors for your company
- “Cleantech” is too broad
  - Fund focus – e.g., software, materials, systems, services, etc.
  - Investment thesis – stage, markets
  - Investment motivations – ROI, strategic, double bottom line
Building the case for funding

Identify the problem your technology is solving

- Quantify the benefit of your cleantech product / service, e.g.:
  - Cost to comply with pollution regulations
  - Cost of electricity $/kWh, cost of fuel $/gal
  - Energy density / run time, power density
Building the case for funding

Quantify your cleantech product / service

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection frequency</td>
<td>17/week</td>
<td>5/week</td>
<td>12/week (71%)</td>
</tr>
<tr>
<td>Number of workers</td>
<td>33</td>
<td>9</td>
<td>24 (73%)</td>
</tr>
<tr>
<td>Number of shifts</td>
<td>3</td>
<td>1</td>
<td>2 (67%)</td>
</tr>
<tr>
<td>Annual operating cost</td>
<td>$2,300,000</td>
<td>$720,000</td>
<td>$1,580,000 (67%)</td>
</tr>
<tr>
<td>Cumulative 10-year cost</td>
<td>$23 million</td>
<td>$10 million*</td>
<td>$13 million (70%)</td>
</tr>
</tbody>
</table>

*Including the cost of the solar compactor and recycling equipment
Evolution of VC + Cleantech

*What has changed?*

<table>
<thead>
<tr>
<th>2001-2008</th>
<th>2009-Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big / moon-shot</td>
<td>“Capital efficient”</td>
</tr>
<tr>
<td>Materials innovation</td>
<td>Integration / engineering</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Services</td>
</tr>
</tbody>
</table>

![Solyndra Logo](#)  
![Digital Lumens Logo](#)  
![Bloom Energy Logo](#)  
![A123 Systems Logo](#)  
![Hara Logo](#)
Evolution of VC + Cleantech

*Strategies for Funding*

When your cleantech business model or technology does not fit what VC’s are investing in...

- **Non-dilutive funding**
- **Strategics**
- **Other**
  - Bootstrap
  - Family offices
  - Angels

- arpa-e
- U.S. Department of Defense
- ABB
- CABOT
- GE
- Siemens
Thank you.

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