Raising Capital for a Cleantech Startup

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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

MIT ENTERPRISE FORUM

Energy SIG
at the MIT Enterprise Forum

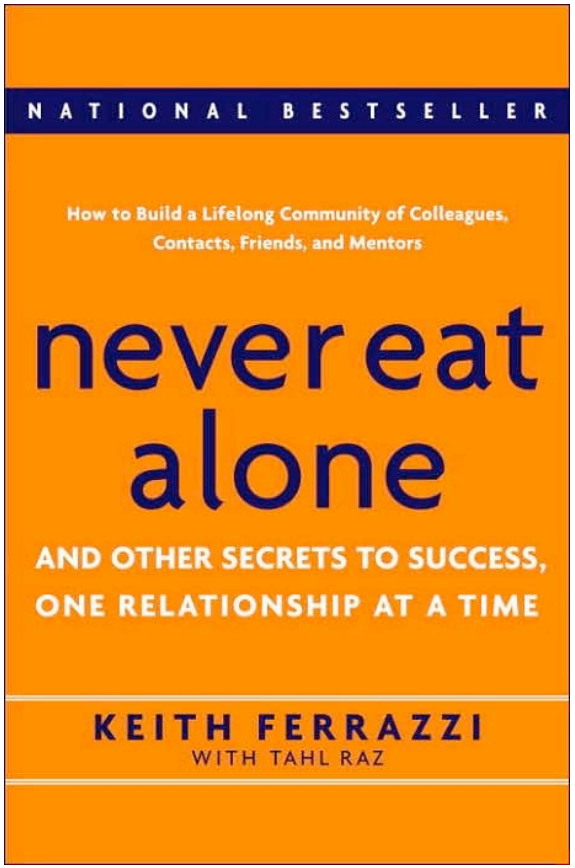
Renewable Energy Business Network
Linking Businesses and Individuals to Promote Renewable Power Markets and Technologies

new england clean energy council

TiE
The Indus Entrepreneurs

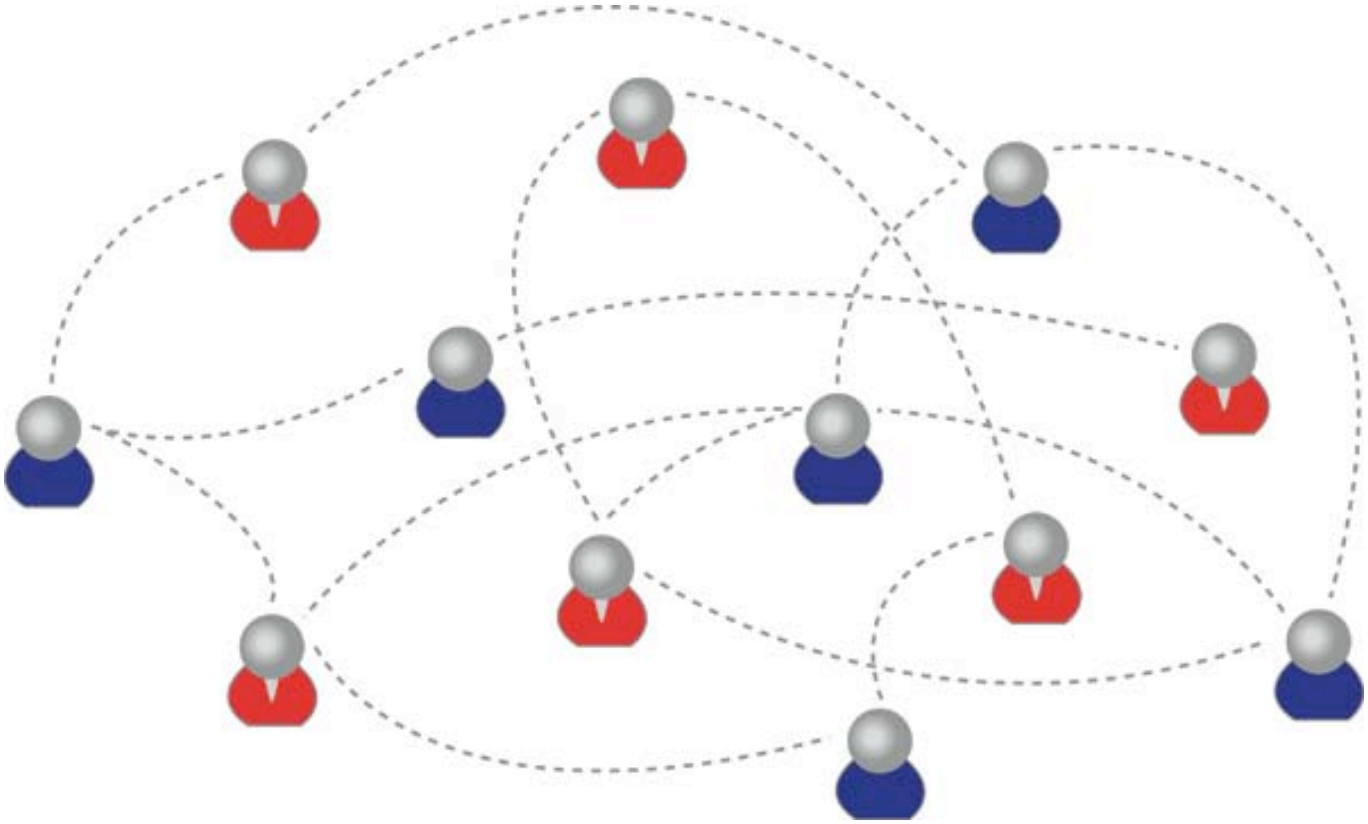
Meeting investors

If currently employed elsewhere, get out <u>at least</u> once per week



Meeting investors

Tap your own network – you may be surprised



Meeting investors

Meet service providers in the cleantech community

Meeting investors

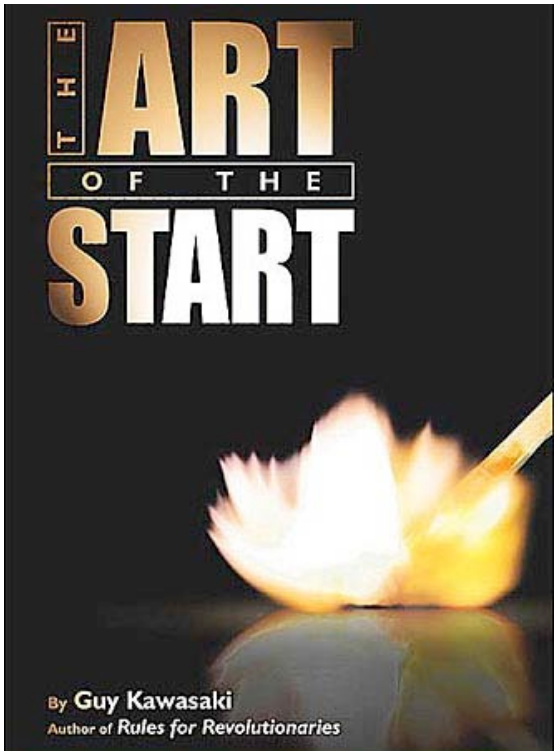
Professors can be a source of introductions (and feedback)

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

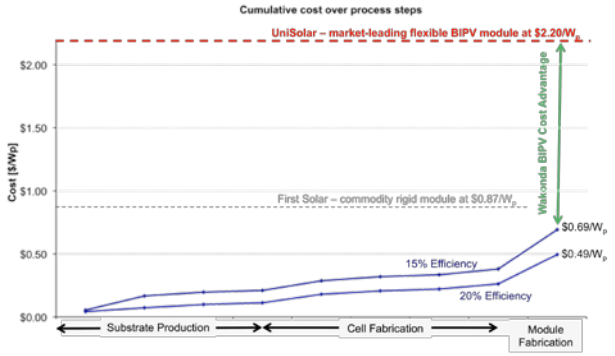
Building the case for funding

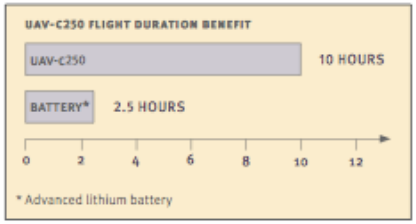
Not all investors are the same

- 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





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

*Including the cost of the solar compactor and recycling equipment

- 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

BigBelly SOLAR

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Evolution of VC + Cleantech

What has changed?

2001-2008	2009-Present
Big / moon-shot	"Capital efficient"
Materials innovation	Integration / engineering
Manufacturing	Services

SOLYNDRA®
The new shape of solar™

DIGITAL LUMENS

Bloomenergy

SUN RUN

A123 SYSTEMS

Hara

Evolution of VC + Cleantech

Strategies for Funding

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

<u>Non-dilutive funding</u>

arpa·e Advanced Research Projects Agency • ENERGY

U.S. Department of Defense

U.S. Department of Energy

Strategics

ABB Power and productivity for a better world™

CABOT

imagination at work

SIEMENS

<u>Other</u>

Bootstrap

!

Family offices

Angels

Thank you.

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