



University of  
Massachusetts  
Amherst

## Session 1B: Financing: Not Your Typical Session

Item Type	event;event
Authors	Wall, Carter;Lehan, Michael;Berndt, Colleen;Dubuc, Charles;Stevens, Bic;Fiske, Jay
Download date	2026-03-07 03:42:14
Link to Item	<a href="https://hdl.handle.net/20.500.14394/8010">https://hdl.handle.net/20.500.14394/8010</a>

# Raising Capital for a Cleantech Startup

Jay Fiske

*5312 Consulting, LLC*



Clean Energy Connections

October 20<sup>th</sup>, 2010

# 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*

 **ENTERPRISE FORUM**



**Energy  
SIG**

*at the MIT  
Enterprise Forum*



**Renewable Energy Business Network**

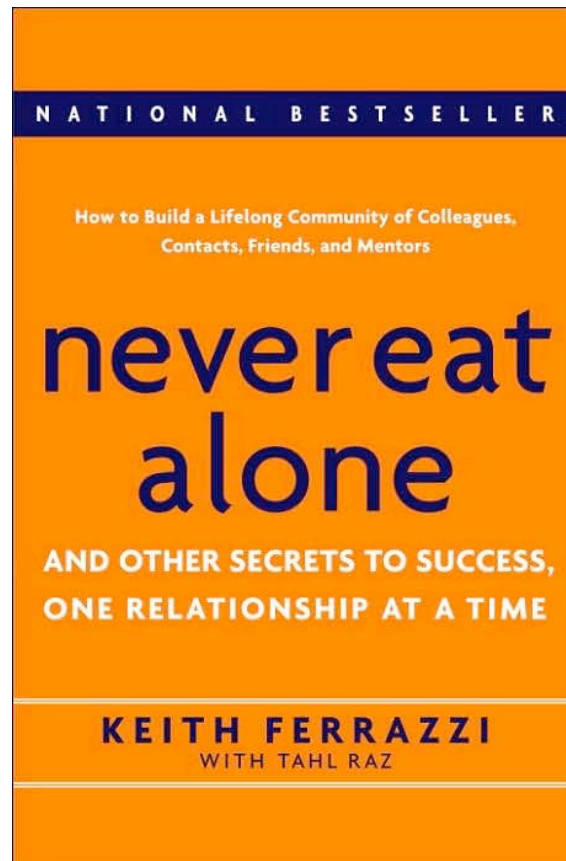
Linking Businesses and Individuals to Promote Renewable Power Markets and Technologies

**new england  
clean energy  
council**



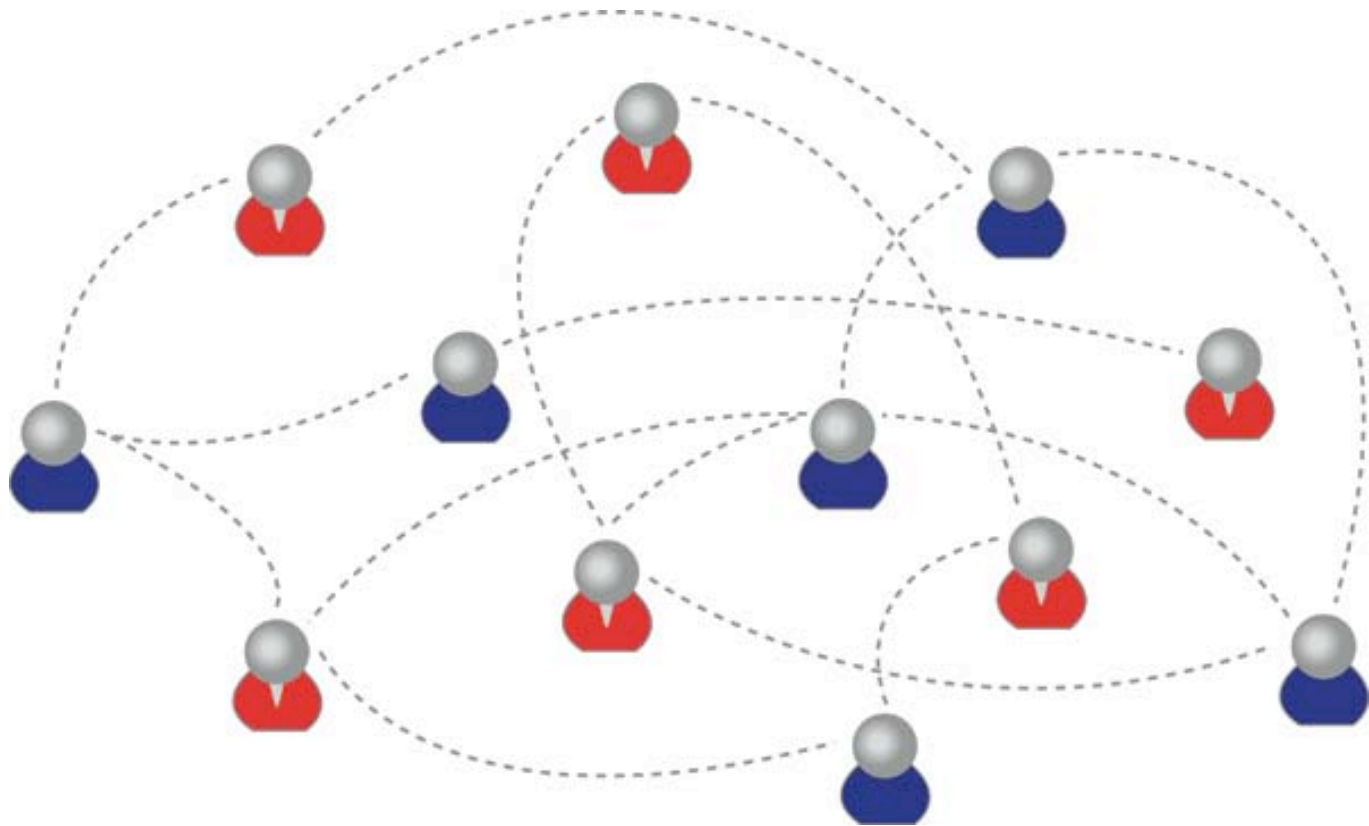
# Meeting investors

*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)*



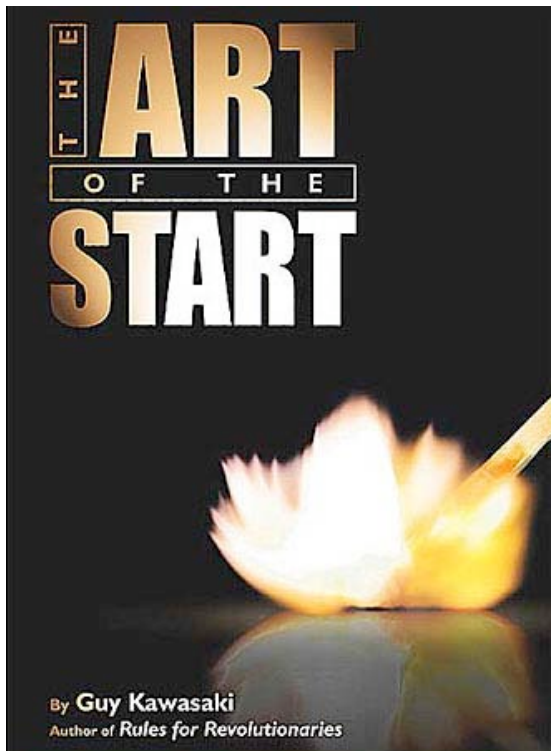
# Meeting investors

*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

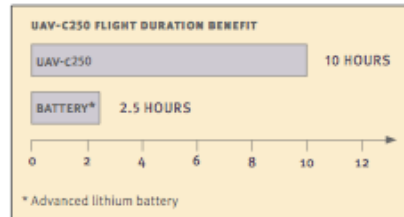
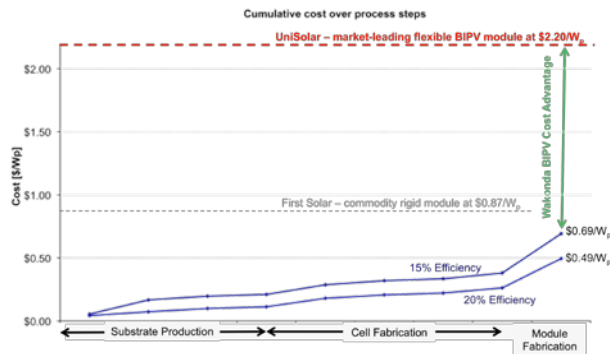
*Not all investors are the same*



- 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*



	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*



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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



# Evolution of VC + Cleantech

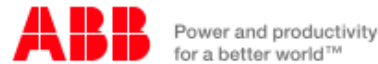
## *Strategies for Funding*

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

### Non-dilutive funding



### Strategics



**SIEMENS**

### Other

Bootstrap  
!

Family offices

Angels

# Thank you.

Jay Fiske

*5312 Consulting, LLC*

[jay@5312consulting.com](mailto:jay@5312consulting.com)

781-570-9047

