

# CIT GAP Funds

Jennifer O'Daniel  
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# Center for Innovative Technology



Conducts world-class research and development programs that create new industry clusters.



Assists early-stage Virginia based technology companies to secure private and federal funding sources



Accelerate the socio-economic growth of Virginia's rural and underserved areas through the application and use of broadband telecommunications



Dedicated to helping large-scale federal and corporate consumers of technology identify and assimilate innovation created in private sector start-up companies. GSA MOBIS Schedule

# CIT Entrepreneur

- **Federal Funding Assistance Program** – CIT's Federal Funding Assistance Program identifies and accelerates opportunities for Virginia's small technology businesses to obtain SBIR and STTR awards and other government contracts. Novice and experienced grant recipients may benefit from this program.
- **GAP Fund** – CIT's GAP Fund closes the funding gap between “friends and family” and early-stage equity investment for Virginia-based technology companies. CIT's GAP Fund identifies and makes funds available to seed-stage technology firms with a high potential for commercialization, rapid growth and downstream private-equity financing.
- **Commonwealth Energy Fund** – CEF makes seed stage equity investments in Virginia-based energy ventures that have achieved a "commercially available", revenue-ready stage of development capable of sustaining a high-growth business model while generating jobs in Virginia.

## CIT GAP Funds Overview

- Family of Seed-Stage Venture Funds
- Virginia Investment Focus
- Convertible Debt Fund
- Spin-Outs from Virginia Research Institutions
- “Double-Bottom Line” Fund
- Deep Engagement with Portfolio Companies

# GAP Funds Mission

Address the Commonwealth's funding gap for very early stage technology companies by providing critical pre-seed and seed level capital necessary to move Virginia's most promising and high-potential technologies from the proof-of-concept stage to the marketplace.

# CIT Programs Update

CIT received significant support through the Governor and General Assembly

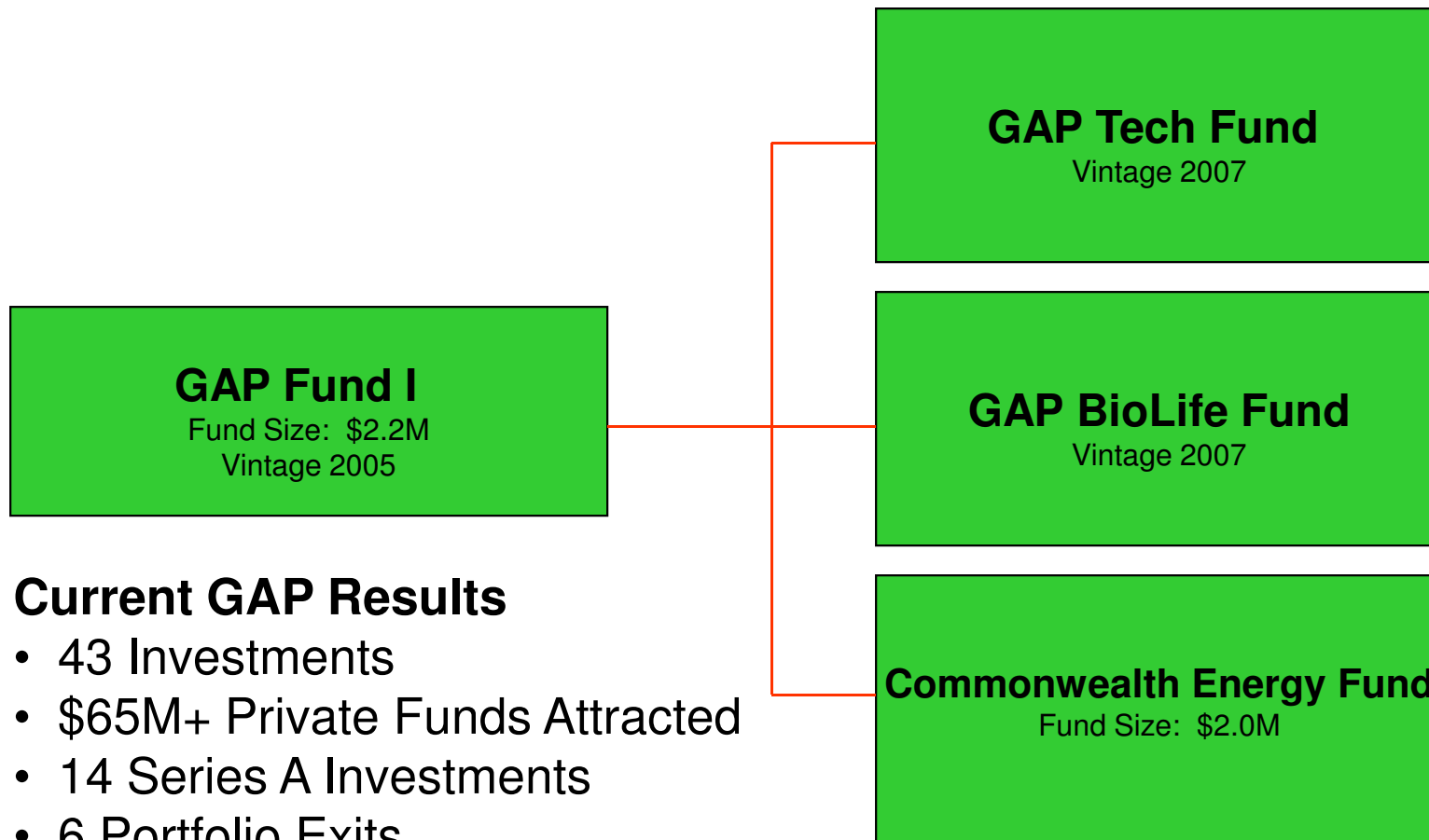
- \$4M for GAP Tech and GAP BioLife (up from \$500k) starting July 1, 2011
- \$2M for Commonwealth Energy Fund (new funding)

To support entrepreneurs and innovative technology

# Convertible Debt Fund

- “Near-Equity” Instrument
- Initiates as Debt - Downstream Conversion to Equity at CIT Option
- Streamlined Deal-Making
- Balances Interests of Investor and Entrepreneur

# Funds Evolution



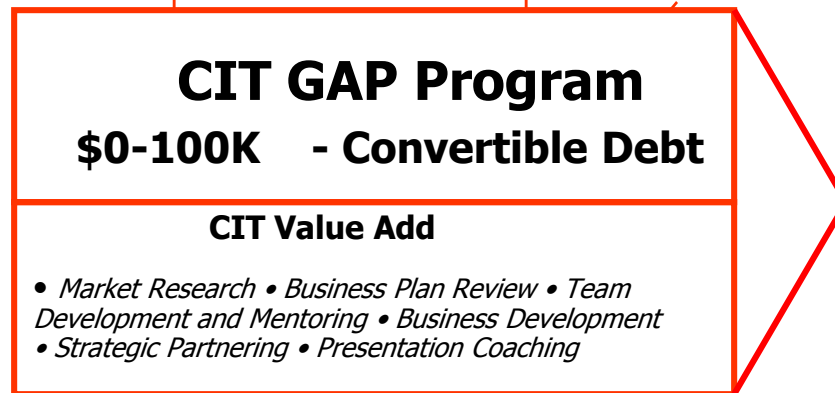
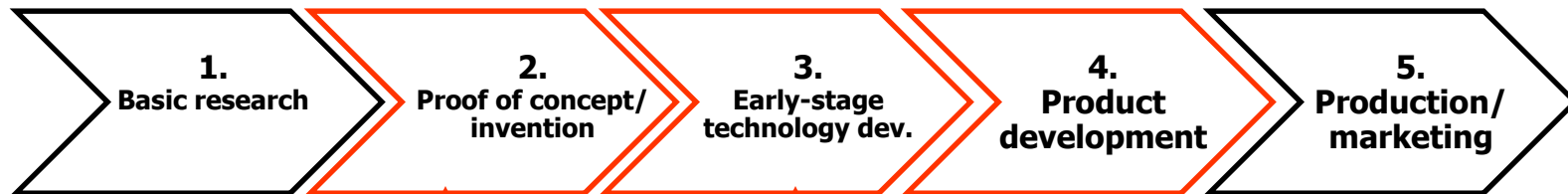
## Current GAP Results

- 43 Investments
- \$65M+ Private Funds Attracted
- 14 Series A Investments
- 6 Portfolio Exits



# CIT GAP Funds Program

## Stages of development



**Angel or  
Series "A"  
Financing**

# Investment Criteria

## **Management Team / Founder**

- ✓ Full-Time Commitment
- ✓ Integrity
- ✓ Passion
- ✓ Coach-ability
- ✓ Creativity
- ✓ Record of High Achievement

## **Investment Stage**

- ✓ Exclusive Seed Stage Focus
- ✓ 12-36 Months Prior to Series-A
- ✓ Pre-prototype – Pre-Launch Technologies

## **Investment Range**

- ✓ ≤ \$100K Alone; <\$500K Syndication
- ✓ ≤ \$500K Previous Financing
- ✓ Follow-On Investment Option

## **Proprietary Advantage**

- ✓ Unique Technology
- ✓ Defensible IP Position
- ✓ Difficult-to-Replicate Business Model

## **Scalability**

- ✓ Markets with Big Buying Power
- ✓ Potential for Dominant Market Position
- ✓ Large-Scale Production and Delivery Economies

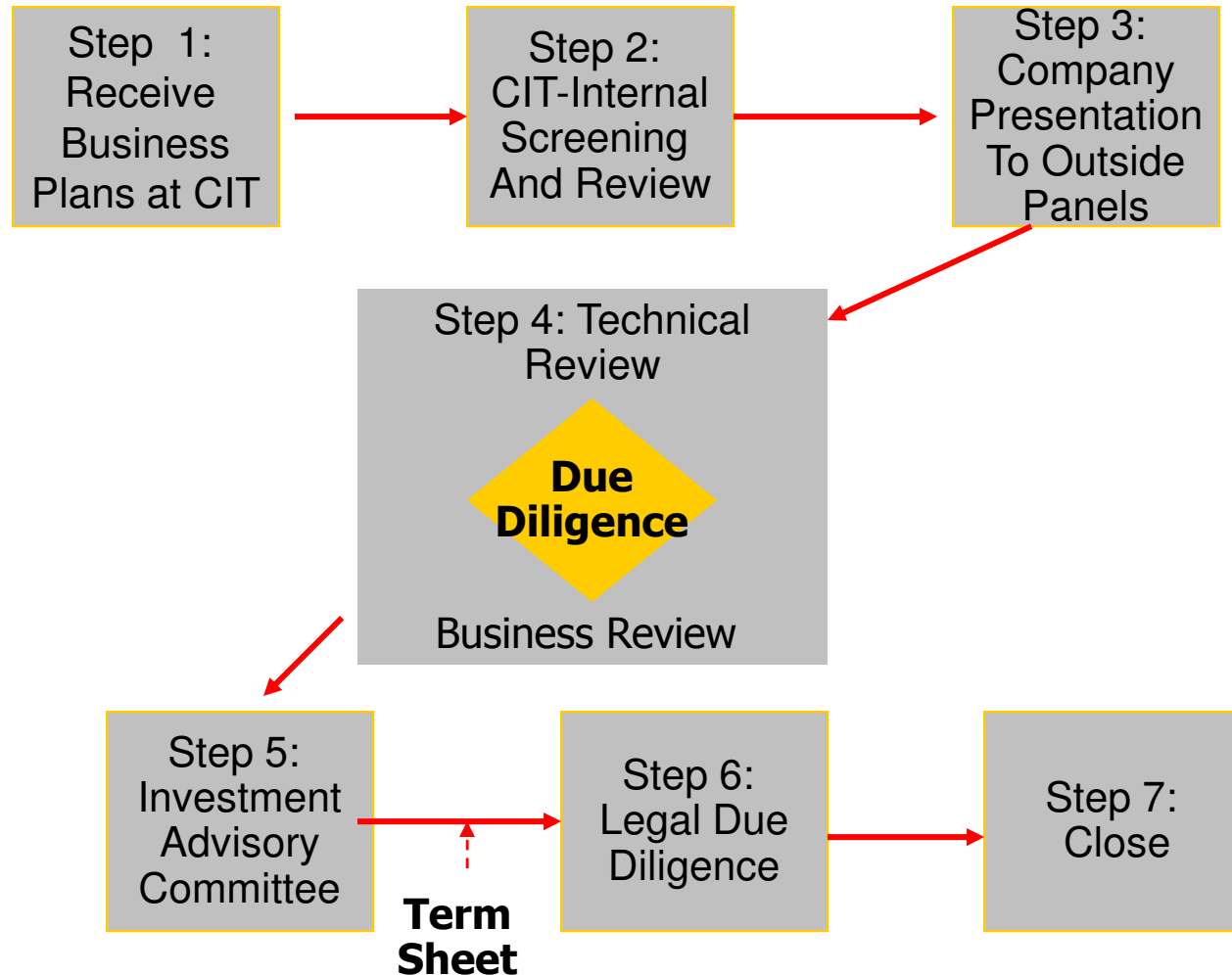
## **Industries**

- ✓ Technology
- ✓ BioLife

## **Geographic Focus**

- ✓ Virginia-Only

# Investment Process: Tech & BioLife Funds



# Web Application

To be considered, please complete the online information at  
[www.citgapfunds.org/tech](http://www.citgapfunds.org/tech) or [www.citgapfunds.org/biolife](http://www.citgapfunds.org/biolife)

<ul style="list-style-type: none"><li>• Industry</li><li>• Business Description</li><li>• Value Proposition</li><li>• Company Background</li><li>• Management</li><li>• Products/Services</li><li>• Intellectual Property/Special Know-How</li></ul>	<ul style="list-style-type: none"><li>• Markets</li><li>• Sales &amp; Marketing</li><li>• Competition</li><li>• Financial Projections</li><li>• Use of Funds</li><li>• Capitalization Table (optional)</li></ul>
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Materials such as business plans may also be requested post submission.

# Investment Team

## **Tom Weithman – Managing Director, CIT GAP Funds**

- 29+ Years Experience in IT and Software Company Operations and Venture Investing
- Track Record: IBM, Hughes Electronics, Consultant to Numerous Start-Ups

## **Jennifer O’Daniel – Investment Associate**

- 10+ Years Experience in Business Planning, Venture Investing, and Investment Analysis
- Track Record: Virginia Tech Business Technology Center, SVIT Holding Co.

## **Marco Rubin – Venture Advisor, CIT GAP Funds**

- 28+ Years in Technology Consulting, Venture Capital, and Corporate Venture
- Track Record: Exoventure, Monumental Venture Partners, MCI New Ventures, Booz Allen

# Investment Committee

- New Enterprise Associates
- Intersouth Partners
- HIG Ventures
- Harbert Venture Partners
- Johnson & Johnson
- Tall Oaks Capital
- Carilion Biomedical Institute
- Valhalla Venture Partners
- New Vantage Associates
- Cashed-Out Entrepreneurs

## Track Record

- Transferring and Commercializing IP
- Forming New Companies
- Securing “Next-Round” Financing
- Exiting Portfolio Companies
- Creating Value
  - ✓ Entrepreneurs
  - ✓ Co-Investors
  - ✓ Commonwealth of Virginia
- “Top 100 Venture Fund”  
2005-2008, **Entrepreneur.com**