

The Funding Gap  
a.k.a.  
The Valley of Death

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# “The Funding Gap” Defined

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The shortage of funding  
for taking promising science  
out of the laboratory,  
developing it into a product,  
and building a new venture around it  
that a “1<sup>st</sup> Round” VC might fund.



# “1<sup>st</sup> Round” Earmarks

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- Product vs. Technology vs. Science
- Strong, balanced team
- Market and entry strategy articulated
- Customer commitments or validation
- Can become a large corporation
  
- Many variations on the theme



# Water Behind the Dam

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- Robust R&D Funding
- Explosion in Intellectual Property
- GLOBAL
- Lack of Commercialization Savvy Among Most Nanotech Scientists



# The Gap in the US

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- Federal Government Focuses on Research
- Friends & family have less resources
- Retreat of the Angels
- Continuing decline in early stage VC deals
- Corporations funding in-house development due to strategic nature of nanotech
- State/Regional/Local economic development funding is scarce and declining



## Wanted:

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- It's getting worse, not better
- EARLY-stage high-risk seed capital
- Effective commercialization mechanisms
  - Get ventures ready for financial investors
- Commercialization expertise is accessible if capital is available



# Stepping into the Gap

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- New “incubators”?
- Corporate investors?
- New Government initiatives?
  - National, State, Regional, Local
- Government supported seed funds?
  - AusIndustry Pre-seed Fund model?
- Mobilization of private equity?