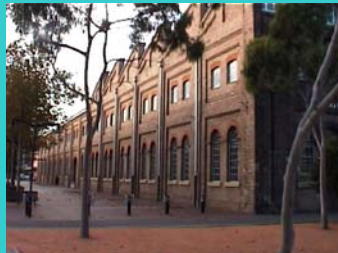


# Financing a New Venture

Hamish Hawthorn  
Chief Executive Officer  
ATP Innovations

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[www.atp-innovations.com.au](http://www.atp-innovations.com.au)

# ATP Innovations

- Australia's leading technology business incubator
- 50+ companies in IT, Engineering and Life Sciences
- Owned by four of Australia's leading universities
- Working with public and private sector entrepreneurs to commercialise R&D



The  
University  
of Sydney

UNSW

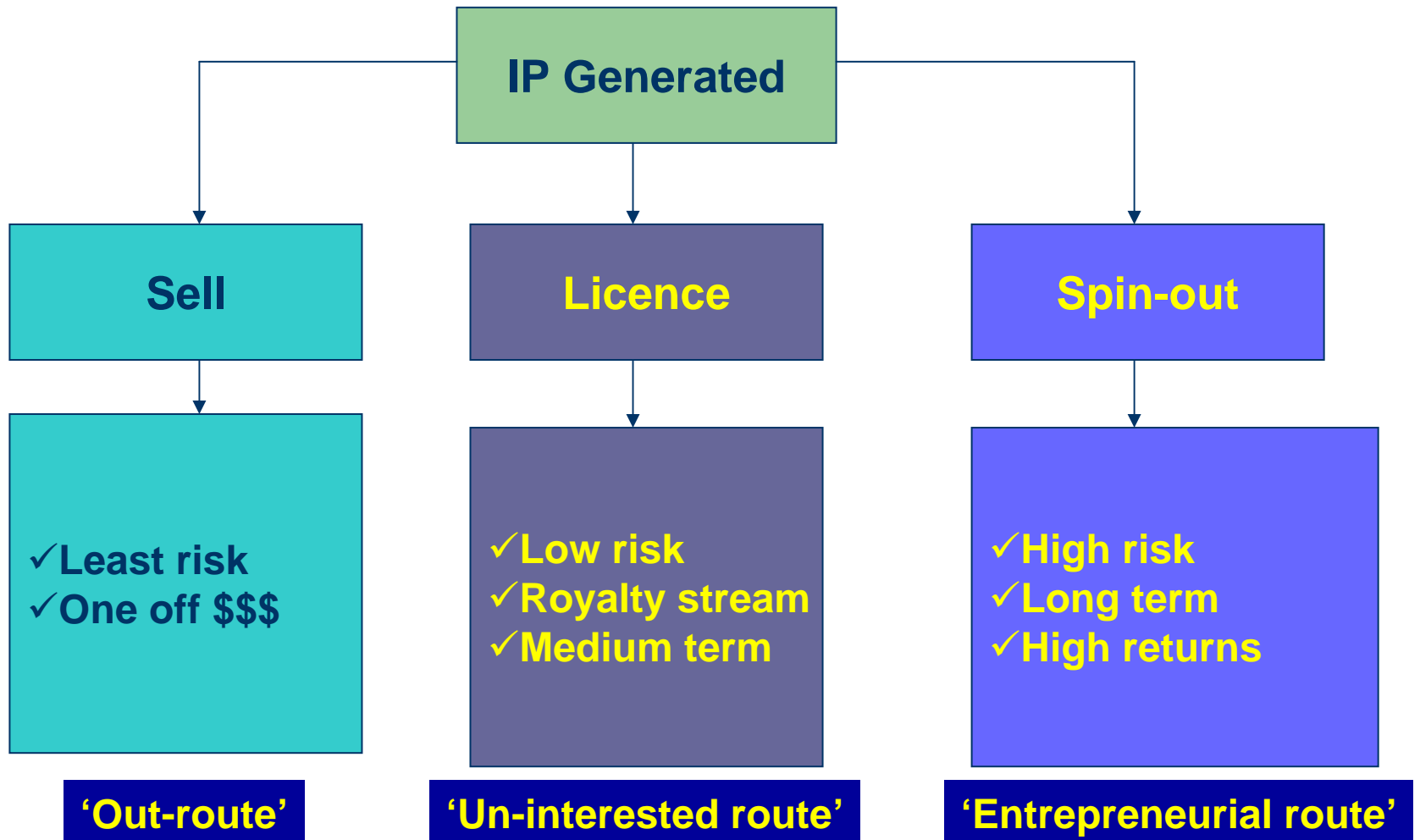


THE  
AUSTRALIAN  
NATIONAL  
UNIVERSITY

# ATP Innovations

- Providing business guidance, an entrepreneurial environment, and serviced office and laboratory space
- Performance of our companies in 2007:
  - \$53 million revenue
  - \$43 million capital raised
  - 300 full time staff
  - 67 patents filed

# Licence/spin out paradigm



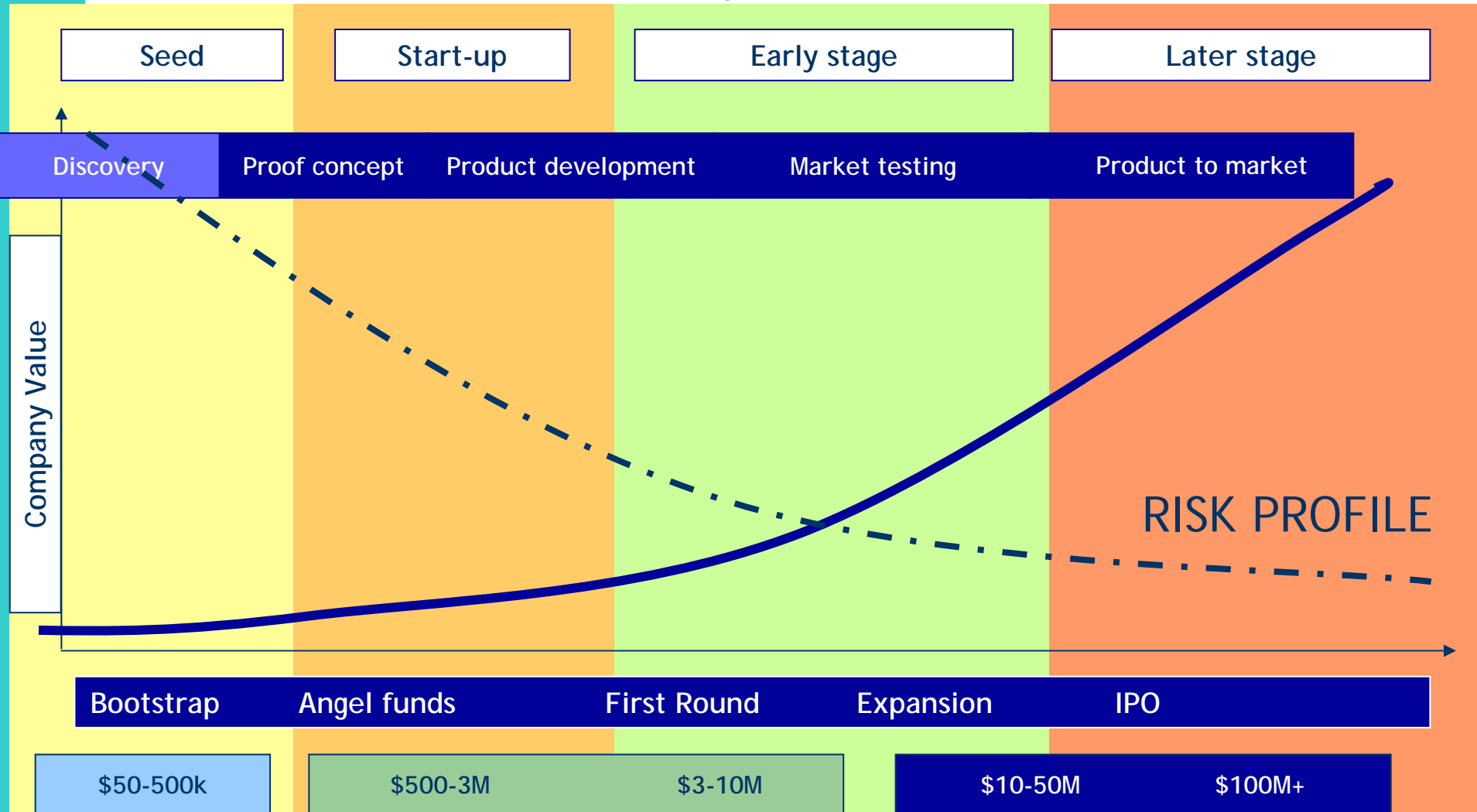
# Licensing IP vs. a New Company Start-up

- **Sell or License to an existing organisation**
  - “neater”, less risky if deal with established firm
  - may be lower payoff (unless it is a “blockbuster”)
  - risk of “shelving”
- **New start-up (equity, may also include royalties)**
  - more work, very high risk
  - social tension between educational mission and business relationships
  - share in “up side” no matter what the final company mission is

## Right Structure, Right Investor

- Is the technology/product most suitable to be sold or licensed? (Is there really a business?)
  - Company or other organisation
- Is the technology/group of products suitable as the basis for a start up
  - Angels or other informal investors
- Can revenues reach \$50m in five years?
  - Venture Capitalists or other formal investors

# Growth in Company Value vs Risk



# Where does the money come from?

- ✓ **The four Fs – Founders, Friends, Family, Fools**
  1. Easier to obtain – fewer questions asked
  2. Value-add may be limited
  3. What happens if it all goes wrong?

# Where does the money come from?

- ✓ **Angels and High Net Worth Individuals**
  1. Can be more “hands-on”
  2. Formal and informal Angel Capital
  3. Greater levels of due diligence and expectations

# Where does the money come from?

## ✓ **Venture Capital**

1. Professional investors with specific expectations
2. Need to provide a sufficient return and exit
3. Only 1 in 100 business plans are successful

# Where does the money come from?

## ✓ **Public Markets**

1. Listing on the ASX (or NASDAQ or AIM)
2. High cost of compliance
3. Shareholder expectation – volatility of share value
4. Typical exit for investors

# Where does the money come from?

- ✓ **Selling stuff to customers!**
  1. Bootstrapping
  2. Understand what your customer wants
  3. No loss of control or dilution of value
  4. Slower growth

## Finance

- How much money is needed?
- What will that money achieve?
- How long will that money last?
- How will investors get their money back?

# What do Investors Look for?

- The people and management
  - Founders vs new recruits
- The technology
- The financial opportunity
  - Growth
  - Appropriate return on investment
  - Appropriate exit strategy
- The right attitude (passion !!!!)

## In summary ...

- Forming a company is definitely not the only, and may not be the best, path to commercialisation – consider all the options
- Look at all the funding options available to you
- Raising money from professional investors is very hard – so focus on your value proposition
- Don't forget that selling to you customer is the key

# Stay connected!

## **Hamish Hawthorn**

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