Incubators & Accelerators

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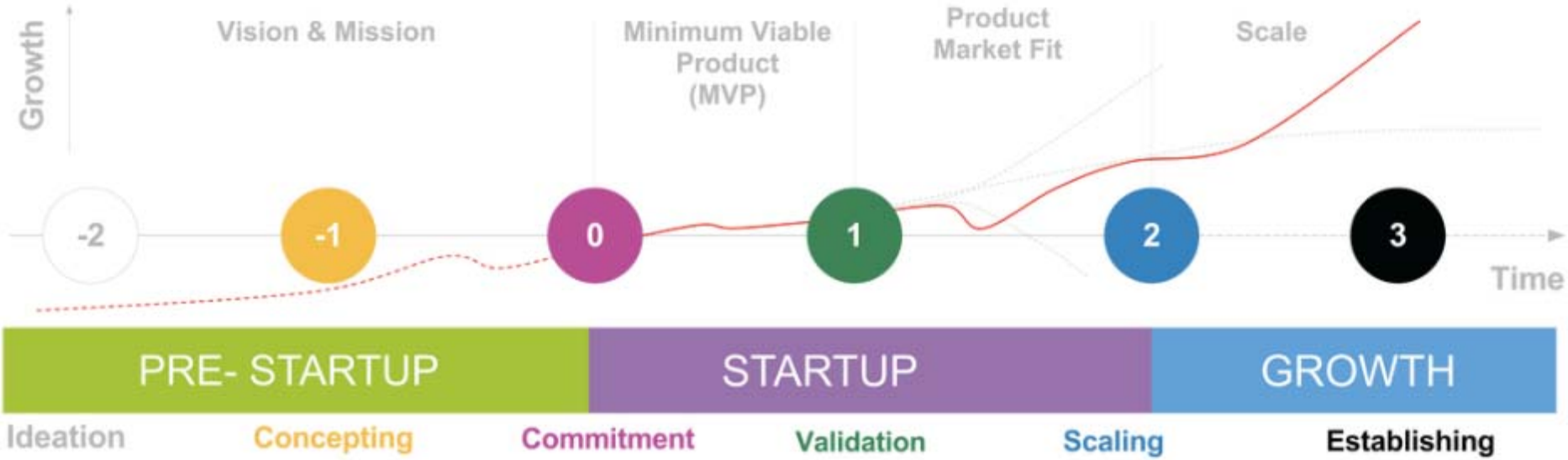
ACCELERATORS & INCUBATORS PRESENTATION OUTLINE

- Startup Business Timeline
- Different Types of Investment:
  - Angels vs Venture
  - Investment in Startup Timeline
- Incubators & Accelerators

STARTUP DEVELOPMENT PHASES

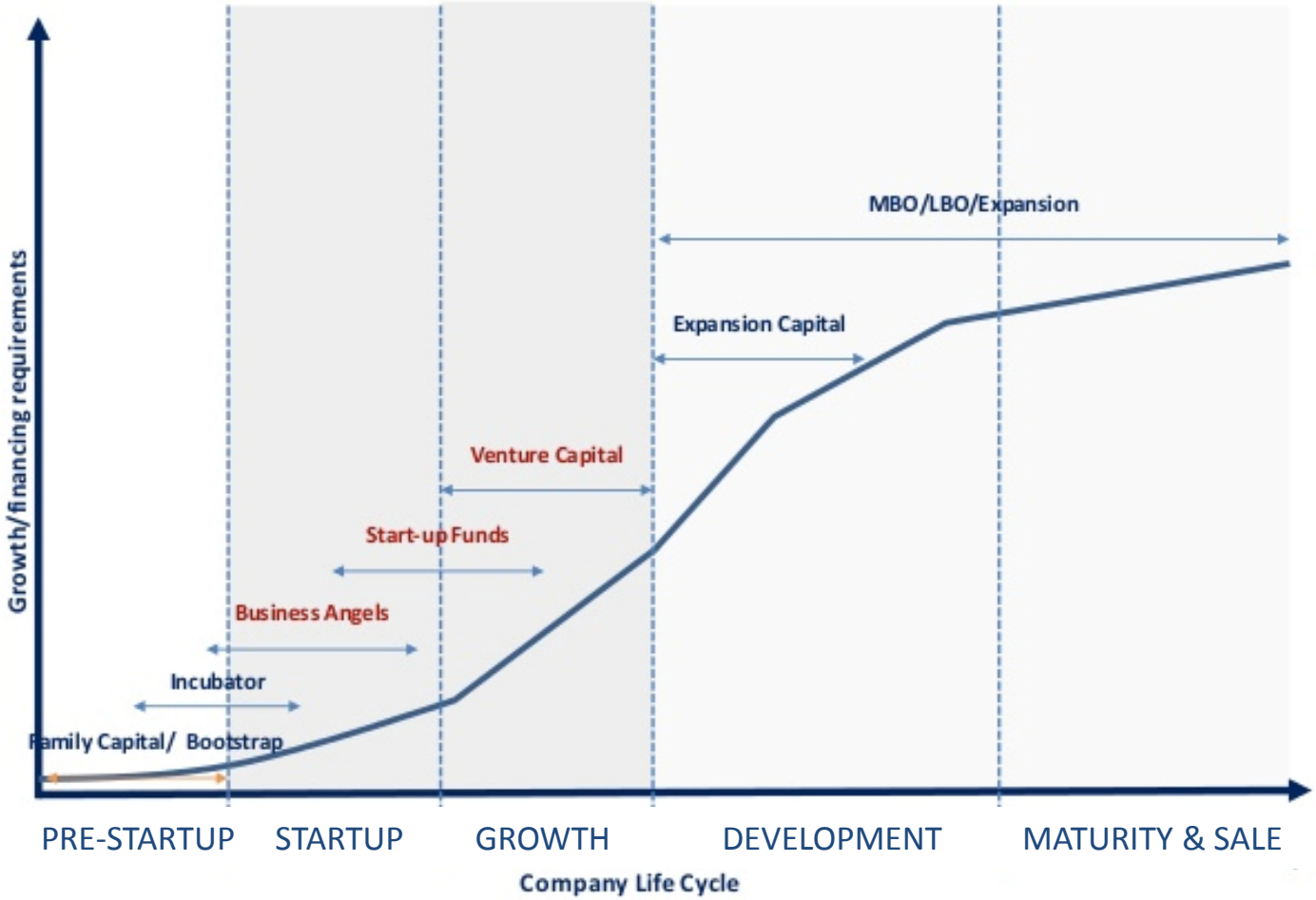


- 3 year targets with milestones to get there
- Team of 2 or 3 with balanced ownership
- Signed agreements for time and money use

- Have a prototype with some user or revenue growth (traction)
- Looking for market fit that can scale

- Scaling in a big or rapidly growing market
- Attracting significant funding
- Consistent growth, may exit

Company Life Cycle and Investment Requirements

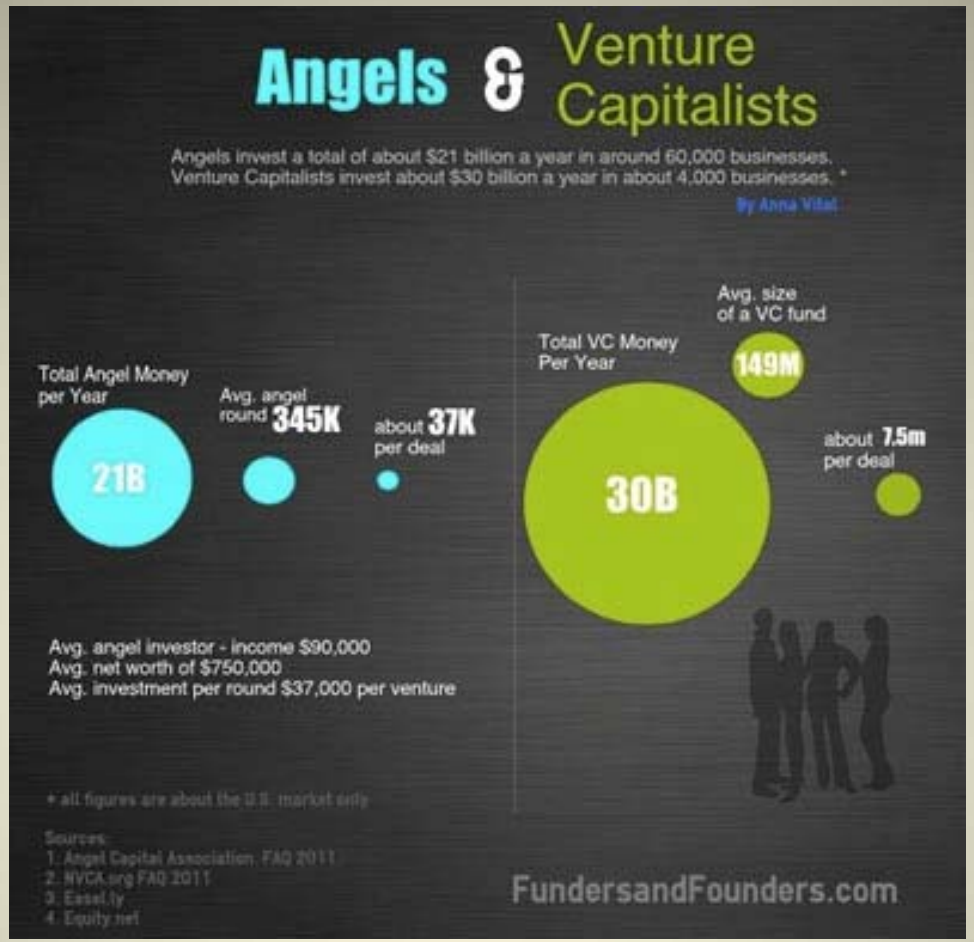


Differences between Angels and VCs

Characteristics	Angel Investors	Venture Capitalists
Background	Former entrepreneurs	Finance, consulting, some from industry
Investment approach	Investing own money	Managing a fund and/or investing other people's money
Investment stage	Seed and early stage	Range of seed, early stage and later stage but increasingly later stage
Investment instruments	Common shares	Preferred shares
Deal Flow	Through social networks and/or angel groups/networks.	Through social networks as well as proactive outreach
Due Diligence	Conducted by angel investors based on their own experience. (more cost efficient)	Conducted by staff in VC firm sometimes with the assistance of outside firms (law firms, etc.) (more costly)
Geographic proximity of investments	Most investments are local (within a few hours drive).	Invest nationally and increasingly internationally with local partners
Post investment role	Active, hands-on	Board seat, strategic
Return on Investment	Important but not the main reason for angel investing	Critical. The VC fund must provide decent returns to existing investors to enable them to raise a new fund (and therefore stay in business)

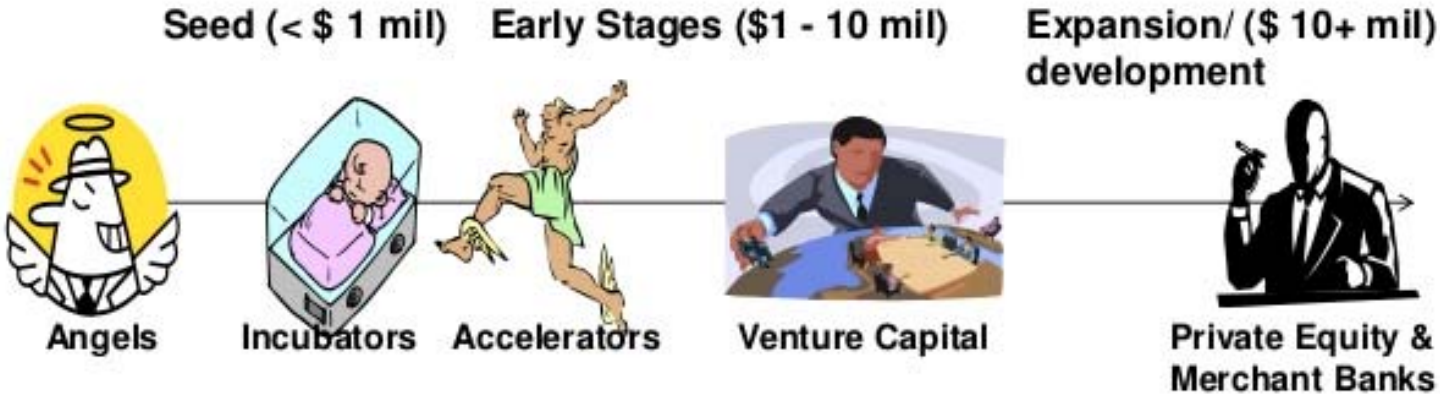
Source: OECD, adapted from EBAN 2006 referencing Wong 2002 and Ibrahim 2010

OECD



- Angels invest less/deal in more businesses
- Angels have avg. net worth of $750,00 and make $90,000 per year

Start Up Financing : Capital Lifecycle



Why Join an Incubator/Accelerator?

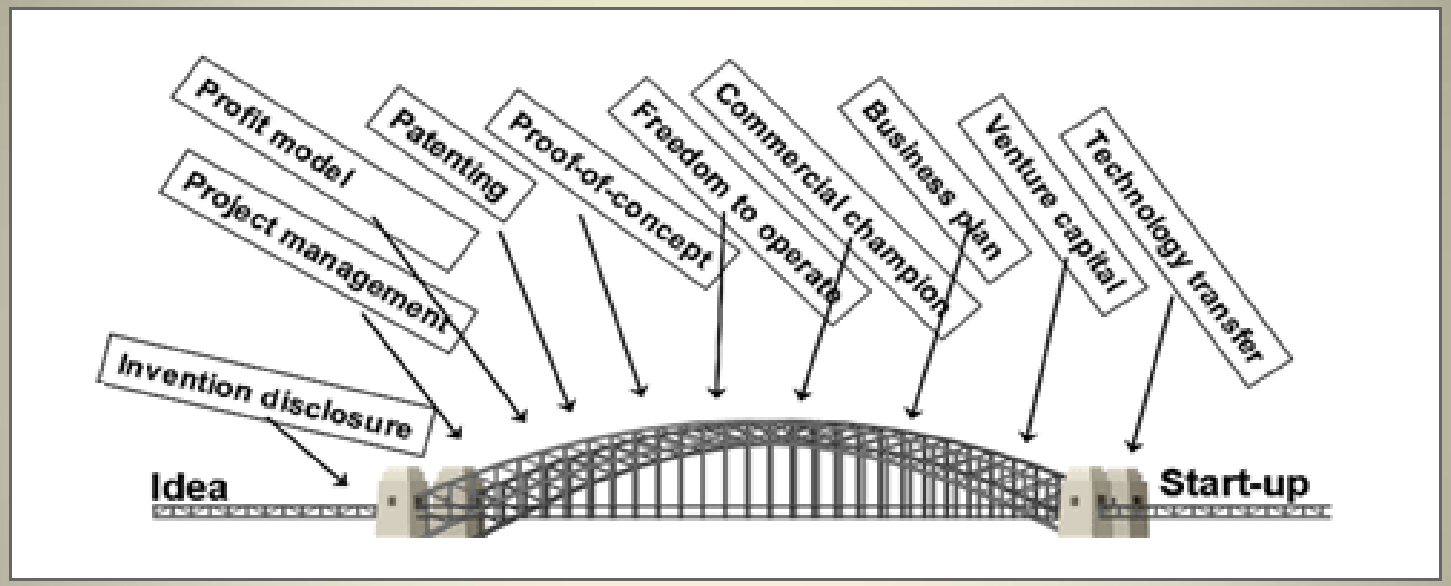
- SBA studies show that traditionally
  - 25% of startups survive the first 2-5 years
- Companies in incubators and accelerators:
  - 66% survive 2 years
  - 44% survive 4 years

REASONS WHY

1. Network

- Entrepreneurs
- Investors
- Collaborators
- Cohort

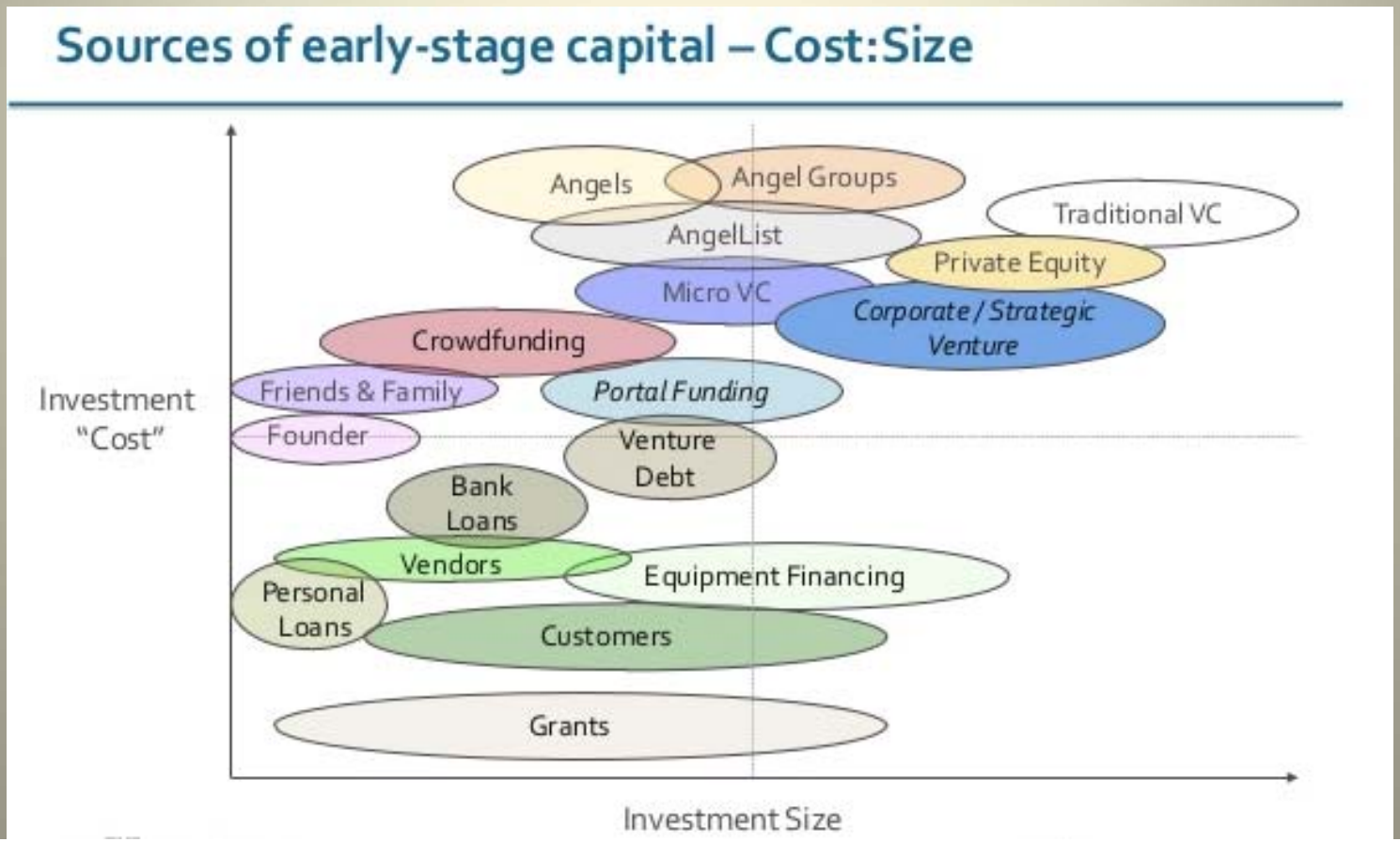
2. Training and Support



- Internal ‘academies’
- Mentors, case studies
- Education in all stages of the startup

3. Capital

- From the incubator/accelerator
- From outside sources (Angel, VC, crowd)



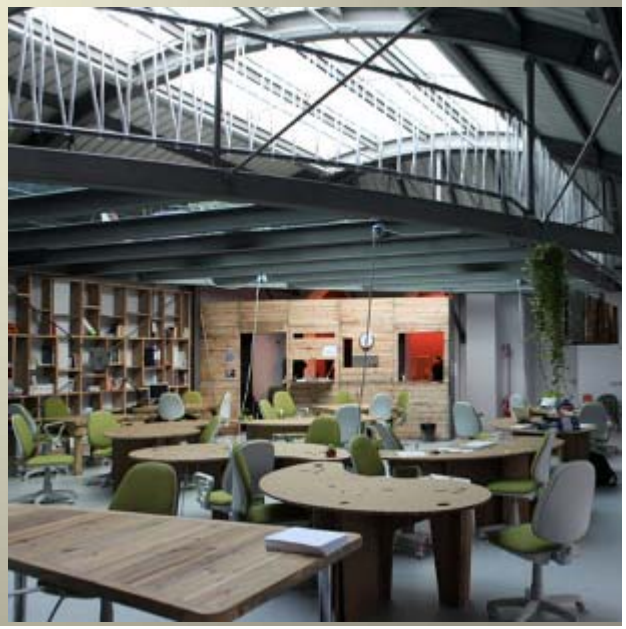
COWORKING

EVENTS

PROGRAMS

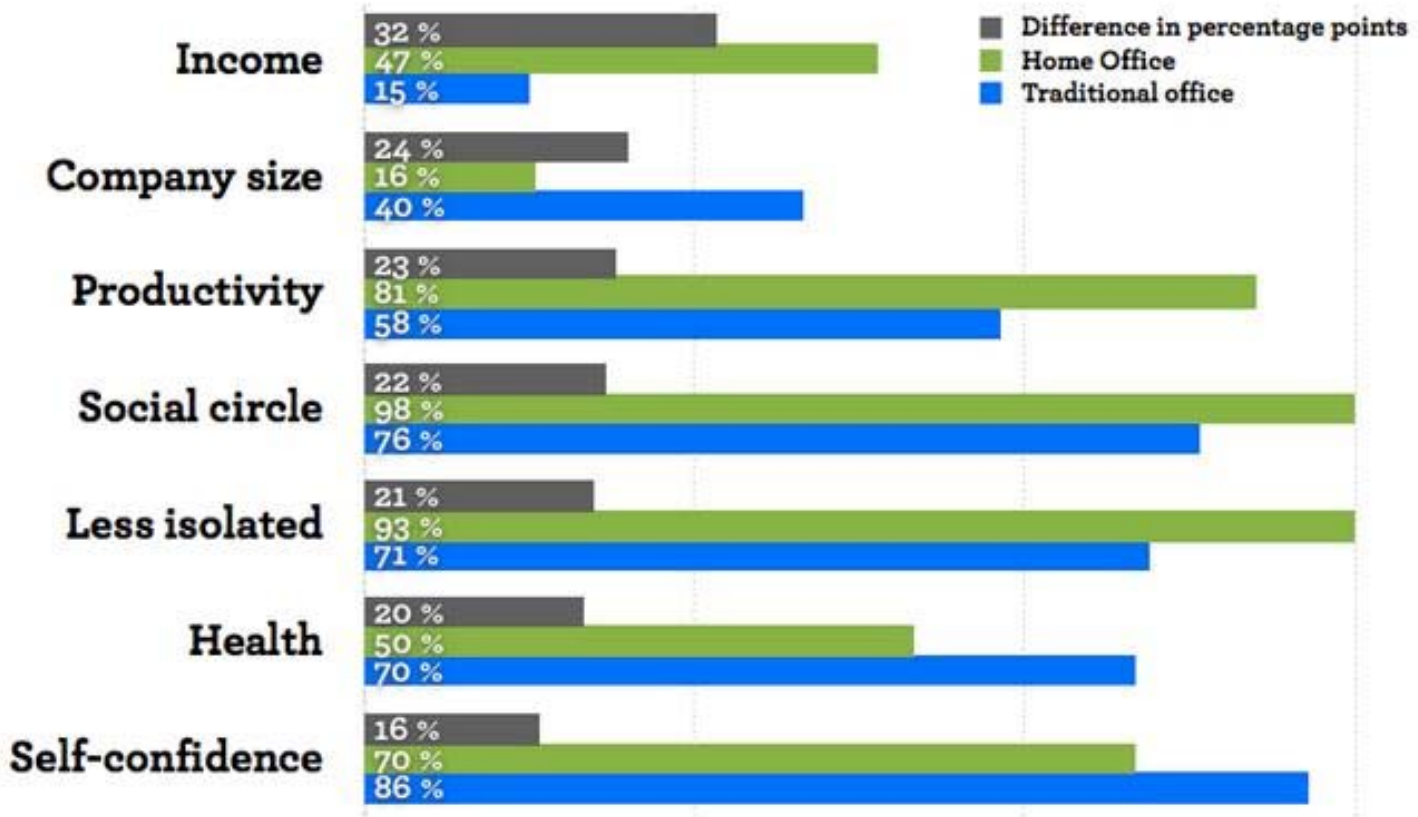
COMMUNITY

SPACES

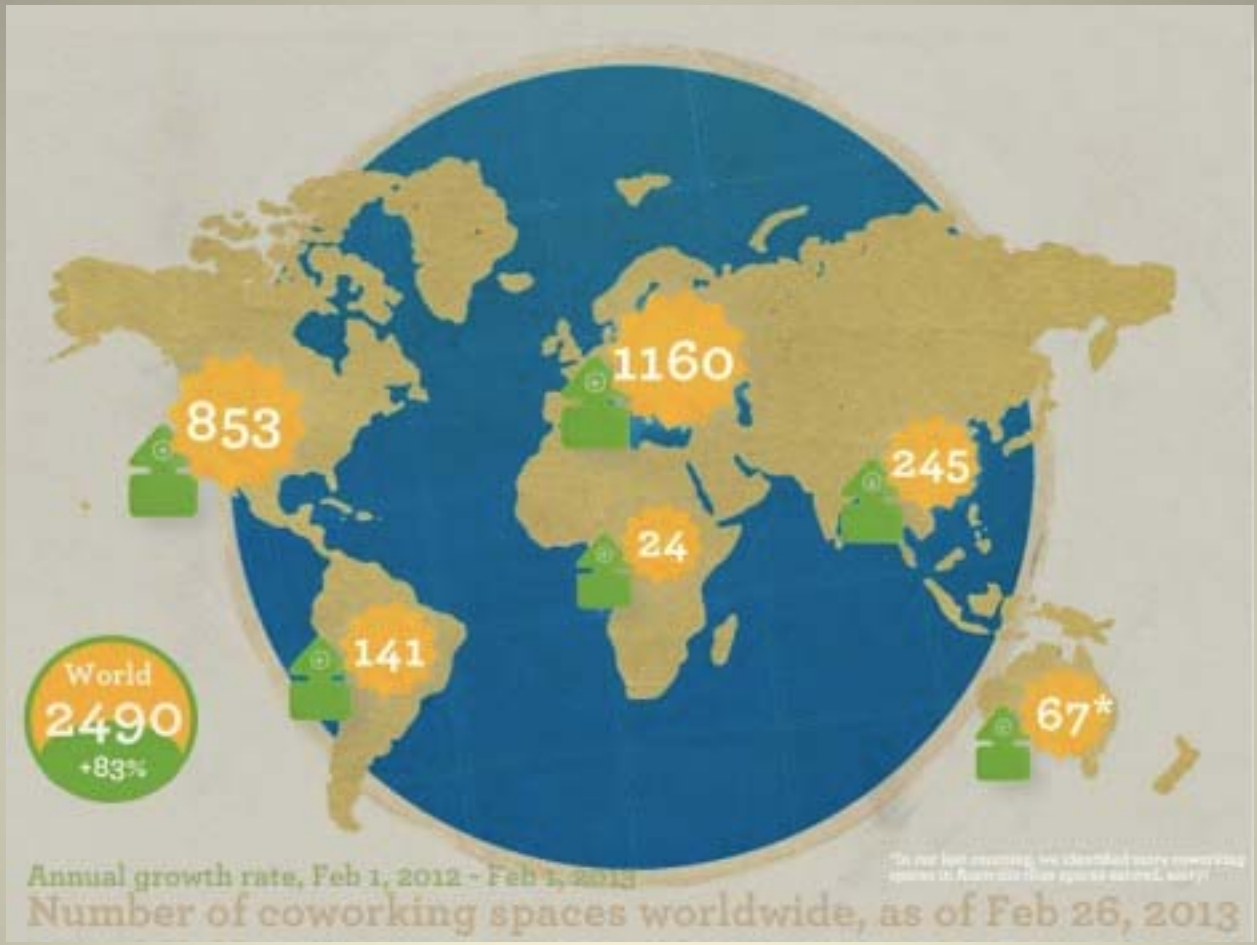


The positive impact of coworking

The biggest differences for coworkers who formerly worked in a traditional office & from home



credits to: deskmag.com
The 2nd Global Coworking Survey
October 11, 2012



- Coworking grew from 350 to over 800 spaces from 2011 to 2013

ACCELERATOR

- Highly selective
- Always has a cohort
- Definitive, short time frame
- Time pressure/intensity
- Includes small seed funding
- Includes single digit equity
- Connects to larger network
- Always ends with Demo Day
- May provide coworking or workspace

- Networks
- Training
- Connections to capital

INCUBATOR

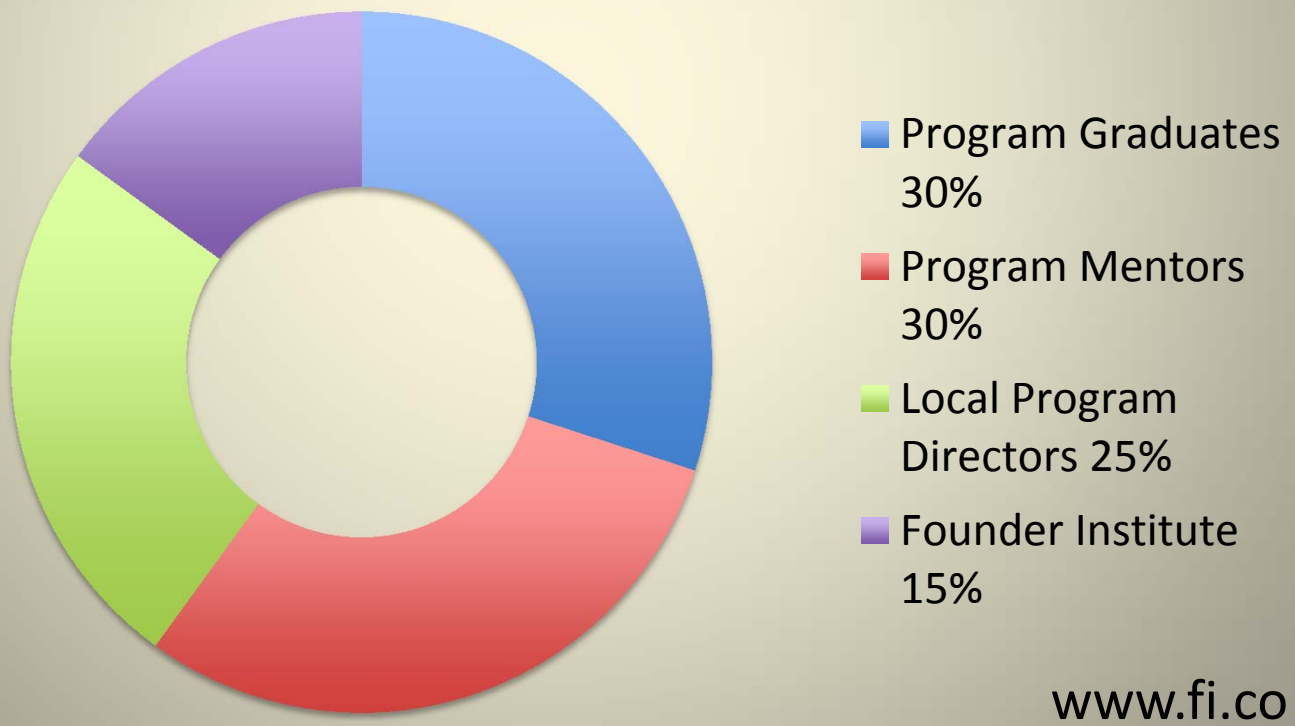
- Less selective
- May not have a cohort
- Longer or open time frame
- Less time pressure/intensity
- May not include seed funding
- May take larger equity (20%)
- Connects to a smaller network
- Less likely to have a Demo Day
- More likely to provide coworking or workspace

The First Modern Accelerators

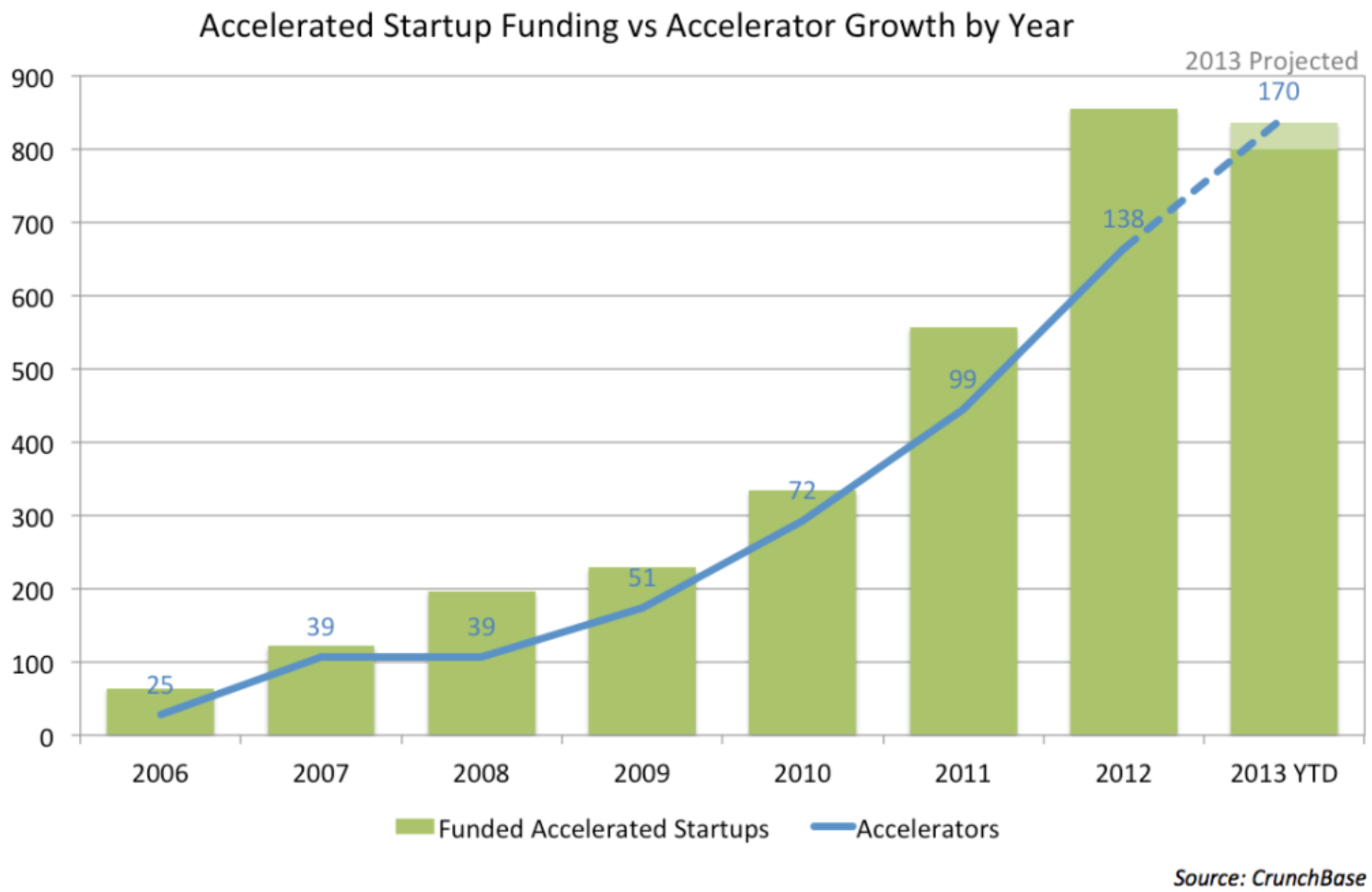
	Year Began	Invest. Size Equity Taken	Startups Funded	Features
Y Combinator (California)	2005	100K-200K 7%	598 (Drop Box Air BnB)	Seed accelerator that provides financial services and business consulting
Tech Stars (Colorado)	2006	10-100K 6%	345	A startup accelerator that provides mentorship-driven seed-stage investment services for technology-oriented companies
Seed Camp (London)	2007	25-250K Preseed 75K 7%,	58	Backing the most ambitious founders globally from the pre-seed and seed stages
Founder Institute (SF California)	2009	3.5%	1310	4 months of weekly curriculum (don't have to leave your day job), to build long-term tech companies

Founders Institute

Liquidity Pool - 3.5% of their equity

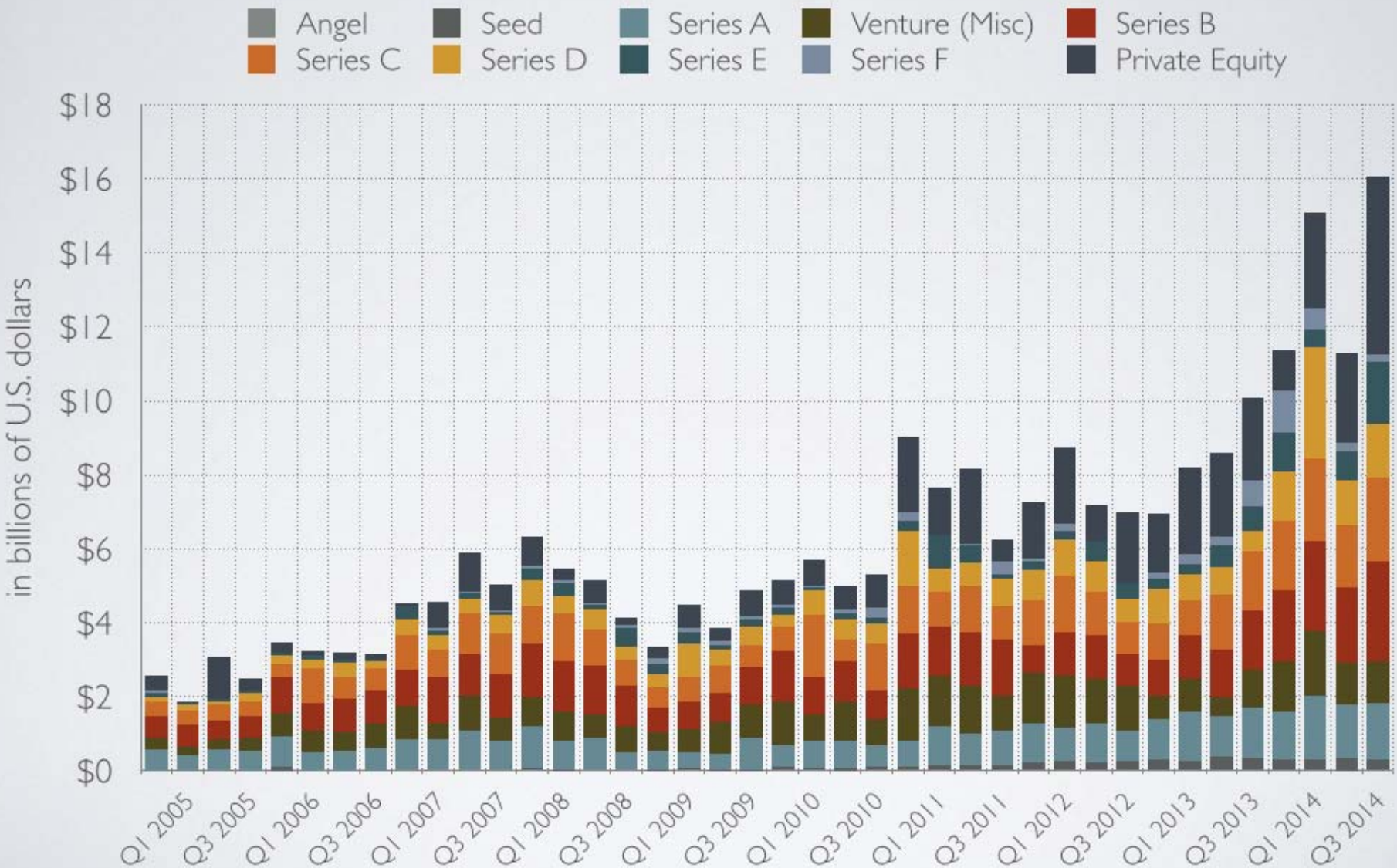


www.fi.co



www.crunchbase.com - database for startup ecosystem

10 YEARS OF U.S. STARTUP INVESTMENT CAPITAL DEPLOYMENT (2005 - 2014)



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WHAT ABOUT HAWAII?

Company / Organization	Sector Focus	Office space? Other Details
High Technology Development Corporation (HTDC) Manoa Innovation Center www.htdc.org	Technology, manufacturing, offices and services	Yes, for start-up companies that require a total support package; offers clients a combination of subsidized facility rates in addition to a variety of business support program services.
HTDC Maui Research and Technology Center www.htdc.org/incubation-techcenter-mrtc.html	Technology, offices and services	Yes, for start-up companies that require a total support package; offers clients a combination of subsidized facility rates in addition to a variety of business support program services.
Blue Start-ups venture accelerator Bluestartups.com	IT-related	Limited to accepted companies; competitive application process
UH Accelerator, XLR8UH www.xlr8uh.com	Technology, UH-developed intellectual property (IP)	Virtual

Company / Organization	Sector Focus	Office space? Other Details
Energy Excelerator www.energyexcelerator.com	Energy, Agriculture, Transportation	Satellite offices and meeting/co-working space available for portfolio companies; competitive application process.
Hawaii Fashion Incubator (HIFI) www.hawaiifashion.org	Fashion, apparel, design	Coworking space, workshops and retail space
BoxJelly www.theboxjelly.com	Small Business, Technology, Creative Industries, Lifestyle	Yes, coworking, meeting and event space, mail delivery, printing, programs
ProtoHUB Honolulu www.protohubhonolulu.net	Innovative, social and sustainable businesses	Yes, coworking, meeting and event space, mail delivery, printing, programs, community driven, global network

Company / Organization	Sector Focus	Office space? Other Details
Natural Energy Laboratory of Hawaii (NELHA) (Hawaii Island) http://nelha.hawaii.gov	Energy	Yes, office and laboratory; incubation; technical park levels are available.
GVS Transmedia Accelerator (Hawaii Island) www.globalvirtualstudio.com	Multimedia	Limited to accepted companies; competitive application process
HI Capacity hicapacity.org	Technology, makerspace	Shared office space based upon membership and daily availability. Offers membership and public workshops, mentorship, and virtual tools.
Hawaii Tech Works (Hawaii Island) www.hawaiitechworks.org Anoka	Technology, makerspace	Yes, based on membership levels

Company / Organization	Sector Focus	Office space? Other Details
Hawaii Tech Exchange (Hawaii Island) http://hitx.co/	Technology	Community space for meetings, workshops and training
Ala Moana Center for Business www.businesscenterhawaii.com/us/en/ Marek	Business offices and services	Yes, based on membership levels
Agribusiness Incubator Program – University of Hawaii http://aip.hawaii.edu/default.aspx	Agriculture, manufacturing	Virtual
Maui Food Innovation Center http://maui.hawaii.edu/foodinnovation/	Agriculture, manufacturing	Virtual, workshops available

Company / Organization	Sector Focus	Office space? Other Details
Pacific Gateway www.pacificgatewaycenter.org/culinary-kitchen-incubator-and-bottling-facility.html	Culinary, food processing	Certified kitchen and storage on hourly basis
First Commercial Kitchen www.firstcommercialkitchen.com/	Culinary, food processing	Virtual
Chef Zone, Y. Hata www.chefzone.com/entreepreneurship Chris	Culinary	Online tools, workshops available

STARTUP PARADISE

CO-WORKING/INCUBATORS

- PROTOHUB
- HAWAII TECHWORKS
- HIFI
- MIC
- HAWAII TECH EXCHANGE
- ROC
- MAUI TECH PARK
- HI CAPACITY
- R&D
- BOX JELLY

ACCELERATORS

- ENERGY EXCELERATOR
- UH COMMERCIALIZATION
- BLUE STARTUPS
- HAWAII INVEST READY
- GVS (MEDIA)

FUNDERS

- KS
- HSDC
- HTDC
- C&C
- EDA
- HCF

INVESTORS

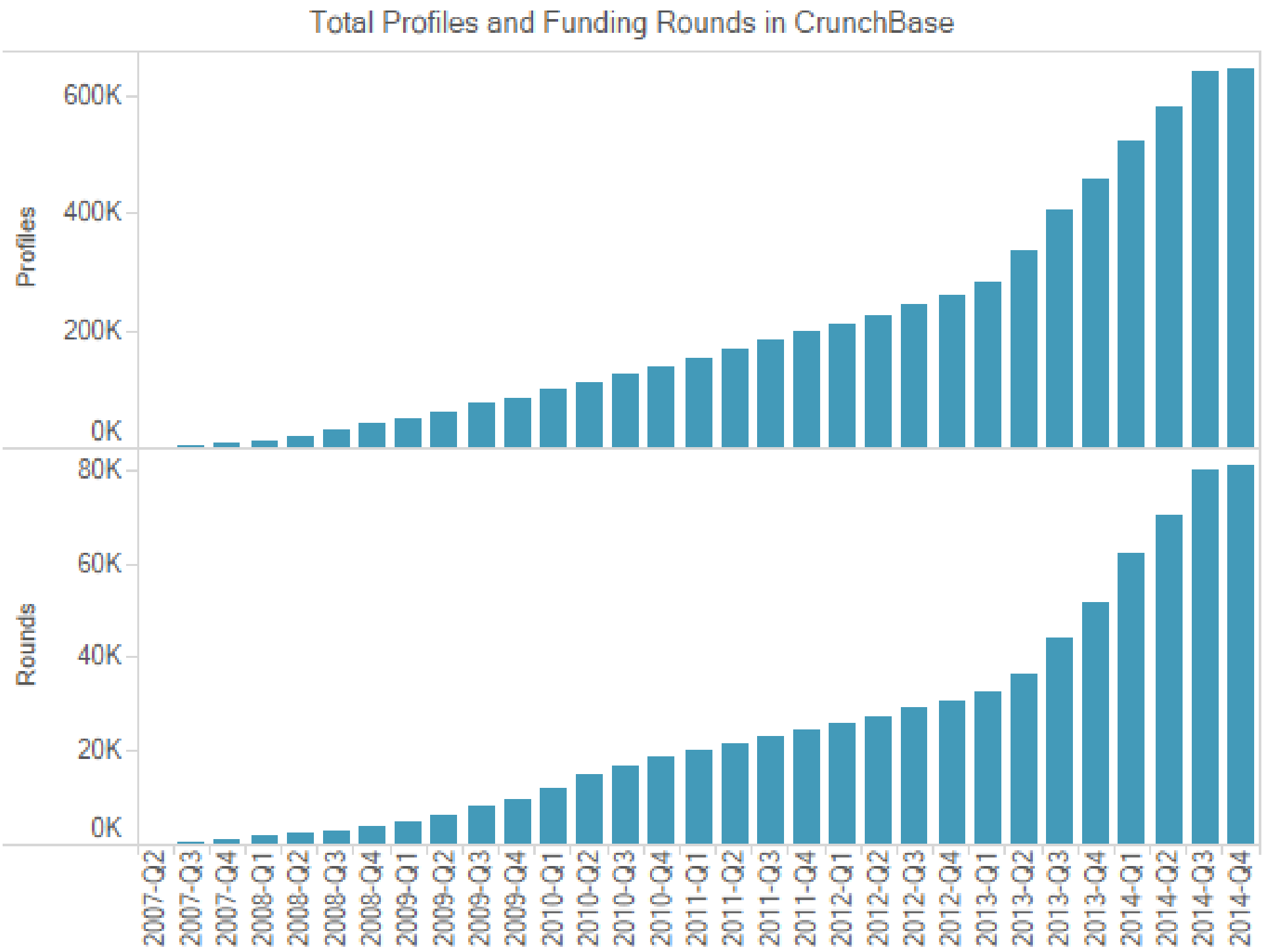
- HAWAII ANGELS
- UPSIDE FUND
- MBLOOM
- ULUPONO INITIATIVE
- STARTUP CAPITAL VENTURES

EDUCATION/TRAINING

- FOUNDERS INSTITUTE
- EAST – WEST CENTER
- LEMONADE ALLEY
- INKUBATOR
- HPU
- DEV LEAGUE
- PACE
- NEXT
- JUMP SCHOOL
- HOGAN
- OBAMA CENTER

SUPPORT

- THINK TECH
- HCRC
- HVCA
- HI GROWTH
- HTDC
- HI IMPACT
- TECH HUI
- SAH
- ENTERPRISE HONOLULU
- SBDC
- BIZ ROUNDTABLE
- NET IMPACT
- WET WARE WED
- STARTUP HAWAII
- HONOLULU NEW TECH
- NALUKAI
- ENTREPRENEURS FOUNDATION
- STARTUP FIVE-O
- HIBEAM
- SULTAN VENTURES
- BYTEMARKS
- ENVISION
- HWBC
- STARTUP WKD.
- ALOHA STARTUPS


Total Profiles and Funding Rounds in CrunchBase
Profiles
600K
400K
200K
0K
Rounds
80K
60K
40K
20K
0K
2007-Q2
2007-Q3
2007-Q4
2008-Q1
2008-Q2
2008-Q3
2008-Q4
2009-Q1
2009-Q2
2009-Q3
2009-Q4
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