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In Greek mythology, Nike, the winged goddess of victory carries a palm branch in one hand and a garland in the other. With the palm branch signifying a peaceful and successful resolution and the garland the victor's prize, Nike herself personifies the 'win-win' outcome of every successful deal. But first you have to present your deal to the 'money gods'. Try these experienced tips to help you successfully present your deal to corporate partners and venture capitalists as you strive to become a cousin to Nike

PRESENTING THE DEAL

THE RULES OF THE GAME

Unless we're one of the fortunate few of independent means, sooner or later we're going to have to present "the deal" to raise money to develop our technology and/or provide financing for our company. Shock! Be prepared for culture shock, skeptical nonbelievers, irascible vulture capitalists, and an introduction to the golden rule—"he who owns the gold makes the rules."

When it comes to technology, we can't let ourselves be seduced by its beauty or our own visions (read dreams) of widespread market acceptance. Capitalism is the key driver of international commerce and any potential partner, investor, or management team member wants to make money. Capturing market share means we must take it away from someone else—and we can be sure that is not going to happen easily and without a fight. History is littered with cases of the best technology not winning the sweepstakes: Beta, Apple, etc.

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In the current economic climate of prosperity, yes there is a lot of money available, but it is chasing the oh so few good deals. With the average banker or venture capitalist seeing 1,000 deals a year, all desktop published with graphics, all promising spectacular returns, how do we get our deal to stand out above the crowd and at least get a hearing? Or, if we're one of the 10 lucky ones selected to present at a venture forum, how do we make a pitch?

At the outset, we can increase our chances of at least getting a hearing by following two simple rules of marketing: (1) qualify our targets to identify our better prospects, and (2) develop a simple "elevator" speech to excite our prospects. There is a tried and true adage in this game that says "you should only invest in deals that you can reasonably evaluate."

Whether we're approaching corporate partners, such as Fluor Daniel, or venture capital firms, such as Kleiner Perkins, we'll quickly find they have an appetite for technologies in specific industries. Corporate partners are interested in technologies that are strategic to their core businesses—good news for us because they can add value through their industry reputation, networking, distribution, as well as financing. On the other hand, venture capitalists typically build portfolios of like or similar technologies where they can build on previous strengths—such as the experience of their partners and the management teams they previously invested in. Unfortunately, many VCs often only consider referral deals in well defined geographic areas—so brush up your network; read more on this later. We can save ourselves a lot of grief and time if we obtain information on their respective portfolio interests by calling them, checking out their web sites, or doing a little market research.

THE WOW FACTOR.

I coined this term sometime ago to describe my desired reaction when a deal is first presented to me. Human nature being as it is, first impressions do count! If we can't tell them a simple story to "wow" them in those first several minutes, it's going to be tough. In this business, they're investing in people—for several years—and they need to know we have passion to go along with our vision. More importantly, we can articulate a deal that an ordinary person can relate to, one that solves a known problem or creates an opportunity that didn't exist before. I know from first hand experience that the skeptics and "well-meaners" will reject our vision at the outset. Paraphrasing Machievell, "those that would change the future, have friends in neither camp."

In fact, I often feign initial rejection as a means of qualifying the more serious opportunities. If the would-be entrepreneur dies on the vine, so to speak, when I feign rejection of his or her deal, I pretty much will pass there—particularly if he or she wants the president's slot. Conversely, if the passion barks back at me loud and clear, yet politely, I feel more comfortable that we at least have a good prospect—but we still may be reluctant to offer him or her the top slot. Before one cries foul, let me explain. Most often, the technology derives from the science or engineering side of the house. Forming a business requires experience and a very different set of tools and skills.

What, in fact, is the "money-person" looking for? In evaluating any deal, the potential partner/money person typically looks at 5 main yet simple factors: management, management, management, market, and money. I hope my point about management being key is clear. Good management with a mediocre idea will make a successful business more often than not; the reverse is not true. Let's look in a little more detail at each factor.

MANAGEMENT

Are we capable of successfully growing the business? Do we have a detailed marketing plan? Have we done it before at any time in our career? Do we have experience in the industry? Have we identified our key management positions—and filled them? Is our business strategy sound? Do we exhibit profit-mindedness?

MARKET

Does our technology work? Is our technology fully developed and ready for market? Are our products unique? What intellectual property do we have, where? What value does our product create for the buyer? Can we create significant barriers to entry during the early days to keep our competition at bay? Is our potential market large enough to ensure a profit? Do we know specifically who our customers will be—do we have a list and/or a best and worst customer profile? Do we have evidence of the need, that customers will buy, and of the price they might be willing to pay? Can we articulate the unique sales features as to why our customers will choose our product over the

competition? Do we have a communications plan to get our message across to our target audience? Do we understand the sales cycle—including potential lag times?

MONEY

How much do we require, when, and how will we use it? How long will the money last? What exit strategies are possible for our investors and partners? Can we clearly outline the proposed deal? Have we identified, and mitigated, the risks? Do our projections show reasonable growth and cost estimates? What company benchmarks have we compared ourselves too?

So we've successfully jumped these initial hurdles and have been invited to make a presentation to a venture forum and/or a group of senior executives at a potential corporate partner. What should our presentation contain? In what order? Where should we start? What elements should we emphasize?

THE PRESENTATION

Some of the better deals are massaged and shopped for several years before they are finally funded.

A typical presentation will be up to 20 minutes with additional time for questions and answers—if we get that far. Now I can speak from experience with entrepreneurs who have cried foul at being “limited” to 20 minutes. “How can I possibly tell you what I need to in such a short time?” they lament. There are three points to make here. First, if we can't articulate our deal in this amount of time, either we, our deal, or both, are too complex. Second, this is the first meeting—of many that we hope will take place in the future to flesh out the deal. Third, take a leaf out of *Covey's* book: “Seek first to understand before being understood.” Take a minute to turn the situation around. The people we're presenting to typically are looking at many deals each week. They are looking for that “special” deal that meets their criteria. We don't need to panic if we're rejected—the odds are typically that 3 deals in a 100 will appeal at first blush! Some of the better deals are massaged and “shopped” for several years before they are finally funded. We need to get some coaching and feedback to continuously refine our deal as we do the circuit. Remember, I said to qualify the audience, and their interests, to increase our chances of success. And, don't forget to ask for a referral when we don't fit.

In our brief presentation, we should cover the following areas in some detail:

- Our vision—what business we want to be or are (provide short history)
- Our defined market opportunity—the drivers for the problem we are solving or the opportunity we are creating
- Key technology advantages—where's the innovation and its features and benefits

- Our business strategy—how we are going to get there
- Our marketing plan—how we plan to create market awareness and sales leads, potential customers, and competitors
- Our management team—who is going to do it, why, and with appropriate pedigrees and experience
- Our financial projections—how big will our business grow and how much is it going to cost to get there including use of funding proceeds
- Our potential investment returns—what ROIs and IRRs can an investor expect
- Potential exit strategies and investment recovery—how our investors and partners get their money (and hopefully profits) out of the deal

What would you think if I told you that you could charge a laptop computer battery or cell phone battery in 2 minutes; 10 times faster than any competing technology on the market. WOW, now I have got your attention. *InstaCharge*TM can.

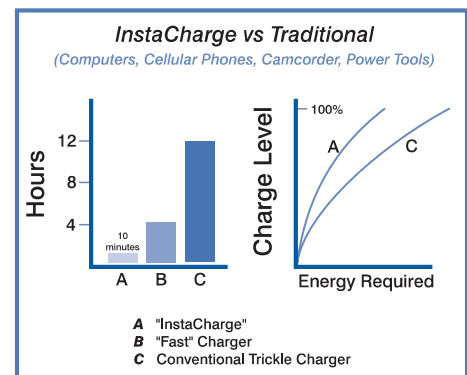
INSTACHARGE CASE STUDY

InstaCharge is a simple solution to a clearly known problem in a mass market that you can relate to. In fact, Fluor Daniel recently made an investment in *InstaCharge*.

Let's flesh out some of our presentation pointers in a little more detail and illustrate how to present the information using *InstaCharge* as a real world case study in selected areas. For confidentiality reasons, we can't discuss every area and, in some areas, we will describe part of the area in general rather than specific terms.

Technology Overview. In presenting information on the technology and the state of development of its associated products, remember to cover the following:

- Amount of R&D remaining (with plan and costs) to achieve market ready "commercial" status
- Unique aspects of the product/service (performance, speed, accuracy, efficiency, durability, price, quality, etc.)
- Unique benefits of the product/service and what type of client benefits from each characteristic
- Cost factors associated with product/service



InstaCharge. A new fully demonstrated, market-ready technology that allows rapid charging of all types of batteries. The technology uses a proprietary pulse charging process that is protected by patents and delivered on a computer chip. Advantages include the following:

- Increases battery charging efficiency (e.g., 8 hours to 48 minutes charge time for a golf cart battery and 2:1 reduction in required input power)
- Multiple application markets, including rechargeable batteries for laptop computers, cell phones, electric vehicles, and power tools
- Usable with all chargeable battery types
- Extends battery life up to 3 times
- Battery maintenance reduced by up to 80 percent
- Reduces weight and cost of built-in battery chargers
- Fully developed technology ready to implement on integrated circuit chip sets

Markets Overview. Here's a list of points to consider highlighting:

- Age of the market (emerging, mature, etc.)
- Structure of the market (a few major players versus fragmented)
- Is the market growing, stationary, or declining?
- Any "closed" markets?
- Is the market segmented? How?
- Is the market seasonal or subject to environmental factors?
- Total market size and market size by segment
- Total number of competitors

InstaCharge. The demand is fueled by the increasing emphasis on the use of electric vehicles to reduce air pollution, and by the increased use of laptop computers, cellular telephones, and portable hand tools. Let's look at a basic overview of the battery charger markets and one specific segment, laptop computers as an example.

Battery Charger Market Research. Between 1994 and 2004, the U.S. market for battery chargers is estimated to grow 52 percent (from \$787 million to \$1.2 billion), according to the market research group Business Communications Company, Inc. (BCC). Of this total, OEM battery chargers (defined as chargers that are permanently installed in a single appliance) account for \$150 million in 1994 and \$198 million in 2004—a 32-percent increase.

The market for battery chargers cannot be viewed in isolation. It is driven by the market for rechargeable batteries which, in turn, is driven by the markets for the various products that rely on battery power.

Batteries have proven to be the most reliable and cost-effective means of power storage. They are especially useful for powering portable products. Global demand for rechargeable batteries is estimated at 1.6 billion units (source: *Nikkei Weekly*). Japan supplies 70 or 80 percent of all rechargeable batteries (sources: *Industry Week* and *Nikkei Weekly*, respectively). BCC estimates that the market for non-automotive rechargeable batteries will grow 43 percent (from \$1.3 billion to \$1.86 billion) between 1994 and 2004.

The demand for batteries is driven by the rising sales of products, such as portable PCs and cellular phones, that use battery power. The market for such portable personal electronic devices has experienced double-digit growth over the past decade, and analysts expect this trend to continue.

Key to the continuing growth of these electronic devices is a power supply that is reliable and portable. The desire for *reliable* power is pushing the market towards batteries that have a long life (long time between charges) and can be recharged quickly. The desire for *portable* power is pushing the market towards smaller, lighter weight products. An ideal design would maximize energy density (available power) while minimizing weight. Other factors driving battery sales include safety, environmental acceptability, and cost.

Analysis of the Portable Computer Market. *InstaCharge* will target OEMs of portable computers (laptops, notebooks, and hand-held types) as one of its first entries into the market:

- The particular advantages of the technology—enhanced portability and use of the equipment through faster recharge, longer time between charges, reduced charger weight, and longer battery life—are especially attractive to users of portable PCs. The present unreliability (short life) of battery power for PCs probably causes users to operate on battery power for shorter times than they would like.
- Makers of portable PCs make frequent model changes.
- PC makers are high-volume purchasers.

- New technology is a major motivator for many consumers.
- *InstaCharge* has been demonstrated for some major industry players (IBM, NEC, etc.) and have received very favorable responses.

The portable computer market is large—estimates range from 10 to 15 million units sold worldwide annually. Analysts and industry players anticipate continuing growth, at a rate of 20 to 30 percent per year, through 2001. For example, the high-technology research firm Frost & Sullivan predicts that world sales will more than double (from \$30 billion in 1995 to \$80 billion in 2001), growing at an 18-percent compounded growth rate. They also observe that sales of portables are growing twice as fast as sales of desktops. BCC predicts that sales of portable computers will exceed 8 million units per year through 1999 and will reach 14 million units per year by 2004.

There are about 100 players in this industry. The major players are Toshiba, IBM, Compaq, NEC, and Apple. In the market for hand-held computers, the major players are Psion PLC, Hewlett-Packard, Apple, and Sharp.

Business Overview. What type of business: manufacturing, sales, licensing? In what markets? This is the equivalent of a simple mission statement.

InstaCharge. *InstaCharge* will manufacture and sell rapid charging battery systems to OEMs in the portable computer, telecommunications, sports and entertainment, and industrial electric-powered equipment markets.

Business Strategy Overview. What key objectives must be met to meet the mission?

InstaCharge. To meet its mission, *InstaCharge* will:

- Work with OEMs to design in-product or stand-alone charging systems
- Manufacture and sell computer chips incorporating its technology to OEMs
- License its technology in selected markets to leverage its resources
- Provide product development support on paid basis to customers and OEMs

Marketing Plan Overview. Consider the following points as they may affect our plan:

- Applicable government regulations
- Socio-economic or political areas which impact the market
- Identify market segments targeted

- Describe marketing effort for target segments
- Describe sales force (in-house, independent representatives, etc.)
- Describe promotional activities
- Identify major elements of communications plan: use of print ads, brochures, and videos

InstaCharge. *InstaCharge* will capture market share by providing product samples to major OEM customers in selected markets as a precursor to entering into a long-term supply contract. To customers, *InstaCharge's* unique selling point is a key product differentiator allowing them to grow their core business by capturing additional market share in very competitive markets. In these markets, one percentage market point equals \$100 million.

Major marketing plan elements include product demonstrations, trade journal announcements, direct marketing and company sales visits in selected target markets, an affordable licensing and chip pricing policy, continued product development with partners, and selected introductions through Fluor Daniel.

Client Overview. Consider the following:

- Geographical considerations (regional, national, global)
- Government or nongovernment
- Business, OEM, or private individuals
- Unique characteristics of purchasers
- Who are they, size, and how many are in each target segment?
- How often do they purchase?
- How do they purchase?

InstaCharge. *InstaCharge* will initially target selected major power hand tool OEM manufacturers (Milwaukee, Makita, Black & Decker, etc.), cellular telephone manufacturers (Motorola, etc.), laptop computers (IBM, NEC, Toshiba, Compaq, etc.) and portable video/camcorder manufacturers (Sony, Panasonic, etc.). Later, *InstaCharge* will target 40 primary and aftermarket charger and battery suppliers, including Boulder Battery, Pace, etc.

Competition Overview. Consider competitors from a global viewpoint:

- Number of major domestic and international competitors and annual revenues
- Number of small operators and annual revenues
- Average age of competitors
- Location of competitors
- Market share of each competitor
- Are some growing and some declining?
- Are there substitutes for the product/service?

InstaCharge. Competitors include both current battery charging manufacturers, current in-design products, and alternative methods to batteries and battery charging. These include switched voltage charging (McColloch and Professional Mariner), implanted battery sensor charging (Bosch), and potential substitutes such as continuous voltage charging (Trojan, Exide, etc.).

Management Team Overview. We are looking to build confidence with our partners and investors. Not only must we identify the key positions, but we must outline the position descriptions for the key management people who are already onboard and define their specific responsibilities. A good presentation will also highlight the holes—those key people yet to come onboard to ensure the success of the business. This section also should address compensation for the people (salary, bonuses, and incentives) who will serve on the board of directors, and who will provide the professional services not fulfilled by company staff.

InstaCharge. The management team consists of a president with 20+ years industry experience, chief technologist—the inventor with industry experience, supported by key Fluor Daniel people in marketing and operations. Key hires include a chief financial officer, marketing manager, dedicated product managers, and manufacturing manager. Position descriptions have been written for these key management slots.

Financial Projections and Returns Overview. The Financial Plan presents the expected bottom line. This section must be based on realistic projections and written and measurable assumptions. Unit sales, sales, and revenue projections overall and by product should be listed. A comparative industry ratio analysis to compare the company with similar size companies should be presented to confer credibility on our projections.

InstaCharge. At the time of writing, it is not possible to share information on projections, investment, or potential returns since such is considered confidential business information. Suffice to say, the expected rate of return will exceed the “multiples” of the traditional vulture capitalists!

Exit Strategies Overview. The final key—how does an investor or corporate partner profit from the venture? For the investor, potential investment recovery strategies include dividends and interest payments, acquisition, management buyout, and an initial public offering (IPO). For a corporate partner, the interest is much more strategic—growing the core business.

InstaCharge. *InstaCharge* is a great target for a corporate partner since one percentage market point equals \$100 million worth of business in some markets. From the investor's viewpoint, Fluor Daniel is considering all the alternatives discussed above.

Last, some key points to remember when making our actual presentation. Passion and excitement (read enthusiasm) with a good WOW factor sells. Be “first brain friendly” (read open to people), articulate, professionally dressed, and project business knowledge and confidence. Stay within the allotted time limit so as not to offend anyone—if people are interested, we will have the opportunity for follow-on meetings. Finally, use professional visual aids and product demos where possible. Let our audience touch our product so they can see it is real! Maybe they will believe we're for real too—at least enough to invite us back for further discussions about investing in us and our company!