

# Tech Coast Angels

Annual Report for 2019

Presented by John Harbison

Chairman Emeritus

June 18, 2020





# ***Agenda***



- 2019 Year in Review
- Trends in Deal Terms & Valuation
- Portfolio Performance
- Learning from Data Analysis



## ***2019 Highlights***



- Grew **investment** 91% to a record \$19.1 million in a total of 52 companies
- Grew **membership** 15% to 458 at year end 2019
- Implemented **annual chapter funds** -- bringing over \$6 million of additional potential capital to deals in 2020 (beyond individual member investments)
- Brought **diversification** to member portfolios through the chapter funds
- Shortened **due diligence** time now targeting decision by the fund of the leading chapter **within 30 days**
- Realized **five exits** including returns of 31x, 19x and 6.5x
- Achieved **4.8X multiple** on all outcomes (all exits and shutdowns) with **IRR of 23.1%**
- Continued to **mentor and guide** 225 (54%) of the 417 companies funded since TCA inception in 1997 that are still **active** -- especially needed under the current Covid-19 crisis

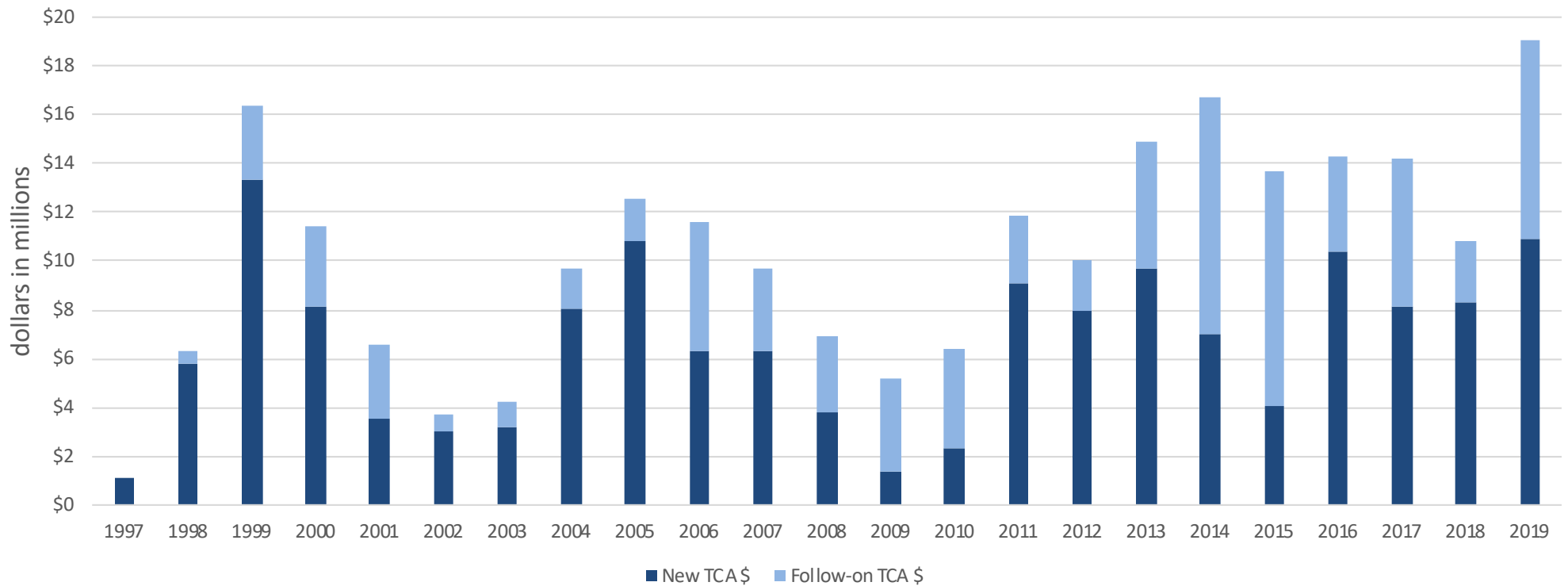
# 2019 Year In Review



# TCA Amount Invested by Year



TCA NEW & FOLLOW-ON INVESTMENTS BY YEAR

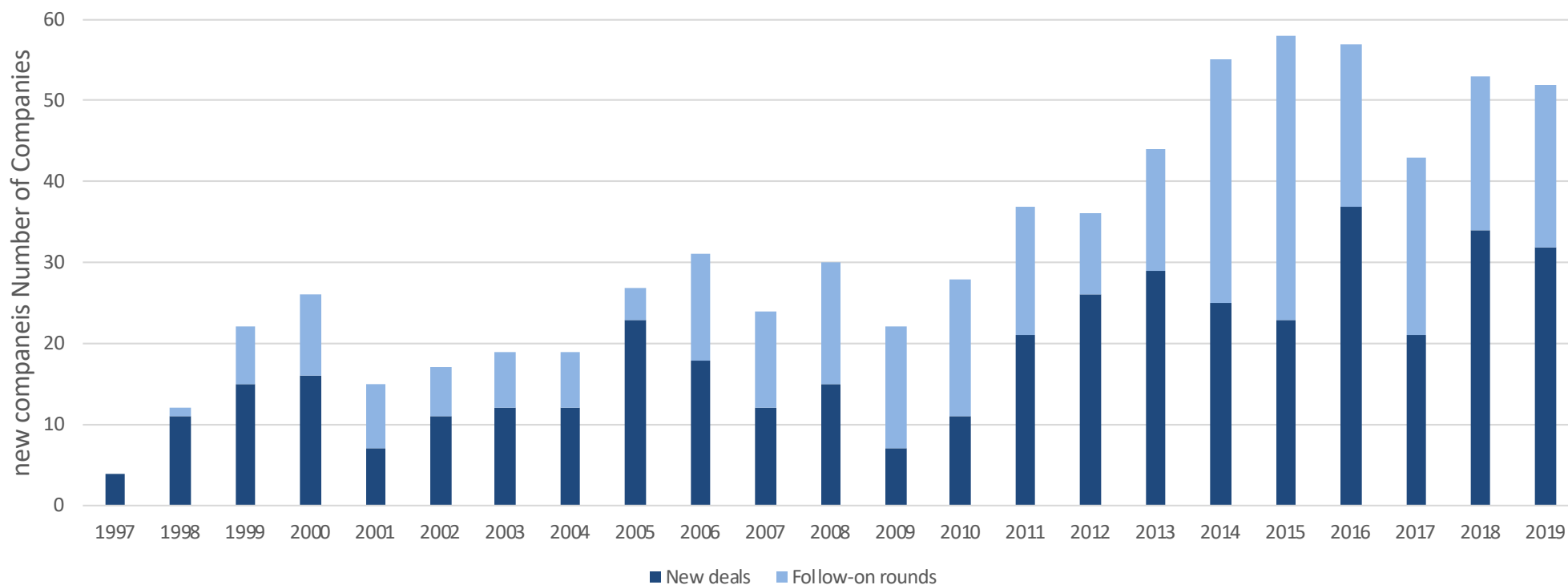




# ***TCA Number Companies by Year***



NUMBER OF TCA COMPANIES INVESTED IN EACH YEAR

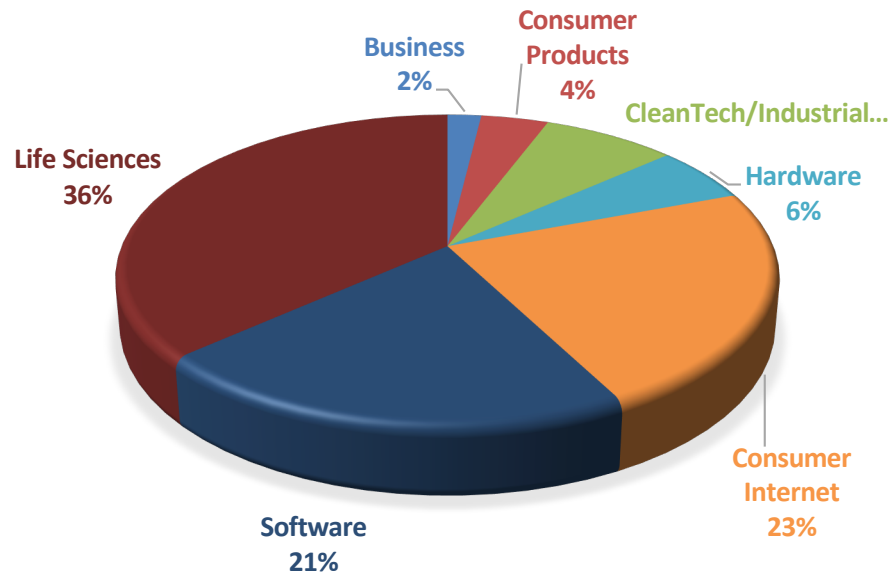




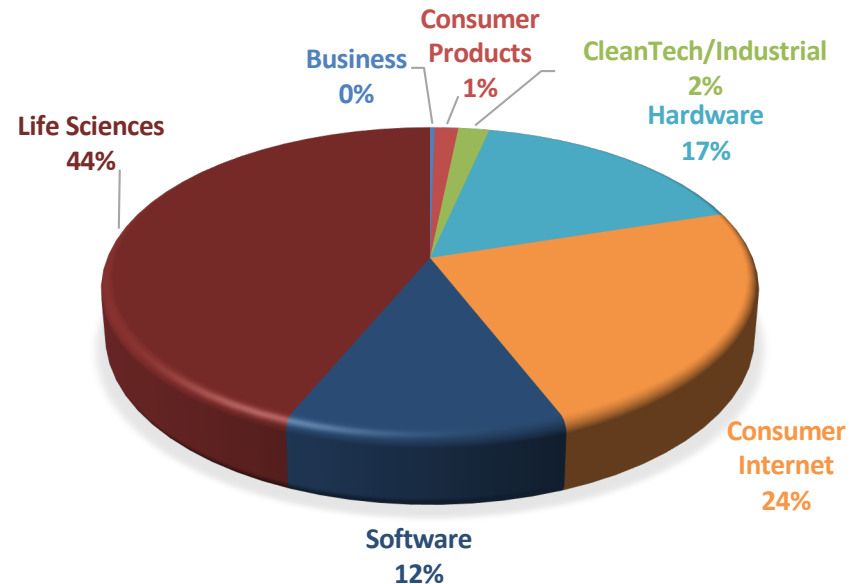
# Industry Sector Mix



2019 TCA INVESTMENTS BY INDUSTRY  
52 COMPANIES



2019 TCA INVESTMENTS BY INDUSTRY  
\$19.1 MILLION

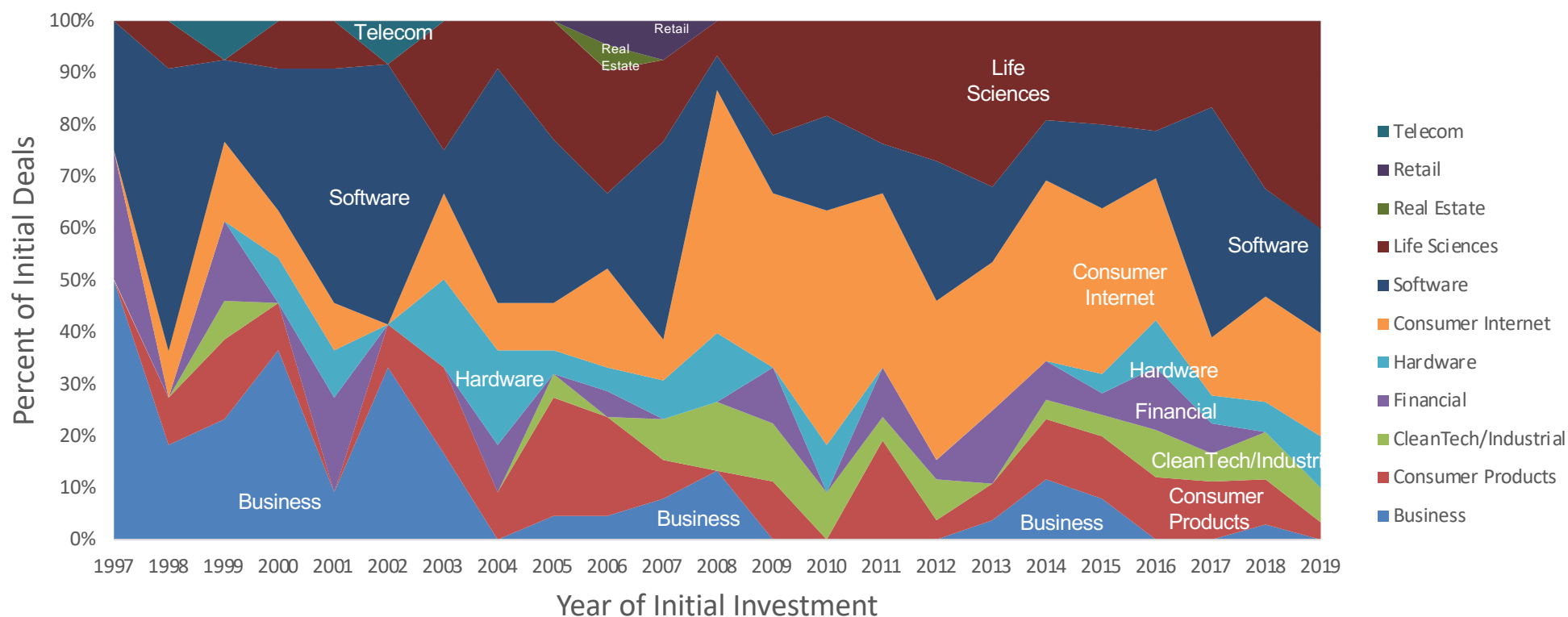




# Mix By Industry Over Time



Number of TCA Initial Investments by Industry by Year





# Invested in 32 New Companies in 2019



- **Advekit** -- marketplace that matches patients with mental health professionals
- **Atlazo\*** -- continuous health data monitoring, aggregation and analytics
- **Brius (Mechanodontics)\*** -- dental braces that move the teeth independently
- **Ceresti Health** -- support family caregivers for multi-chronic patients
- **Cloudkeyz** -- secured access management replacing call-box intercom
- **Concert Health** -- help physicians deliver evidence-based behavioral health care
- **Deep Blue Medical Advances** -- novel hernia mesh to reduce hernia repair failures
- **Elemeno Health** -- transforms client healthcare with actionable guides
- **Elysium** -- new class of Rx painkillers that replace addictive opioids
- **GoSite** -- most complete end-to-end software suite for local businesses
- **GroGuru** -- precision soil and irrigation monitoring system
- **Grolens** -- ERP for commercial cannabis producers
- **Grolltex** -- industrializable and sustainable method to make graphene
- **Habitu8** -- understand, benchmark, and shape risky employee behaviors
- **Healionics** -- improved means of dialysis access in patients with kidney failure

**\* TCA investment more than \$1 Million in 2019**

**Heart Health Intelligence** -- toilet seat-based cardiovascular monitoring system  
**Industry Jump** -- marketplace for producers and film crew to find, hire and pay  
**KettleSpace** -- transforms hospitality assets into on-demand work space network  
**Lennd** -- event operations platform for modern event teams  
**Mercato\*** -- online marketplace for independent grocery stores  
**Paradigm Diagnostics** -- finds best comprehensive treatment approaches for cancer  
**Pathware** -- biopsy quality assessment tool  
**Ready, Set, Food** -- protect babies from developing peanut, egg and milk allergies  
**Recess** -- helps brands and agencies discover, contract, pay event organizers  
**Seatrec** -- converting temperature differences into electricity generation  
**Shoonya** -- game-based learning for language and culture  
**Snapwire** -- on-demand platform for buyers and creators of visual content  
**Spiral Genetics** -- make large-scale genomic data mining possible  
**Trials.ai** -- AI to accelerate clinical trials management  
**Turn Technologies** -- solutions for the 1099 labor supply side of the gig economy  
**URB-E** -- foldable urban delivery solutions  
**Visgenx** -- gene therapy solution for age-related macular degeneration



## **Six Companies Over \$1M**



- ***In 2019 there were an unprecedented six companies with over \$1 million invested by TCA***
  - ***The biggest deal in 2019 was Buy It Installed\* with \$2.7 million***
  - ***Atlazo\* with \$2.5 million***
  - ***Neural Analytics\* with \$2.0 million.***
  - ***Three other companies (DTx Pharma\*, Mercato\* and Brius\*) received between \$1 and 2 million from TCA in 2019***

*\* TCA investment more than \$1 Million in 2019*



## 20 Follow-On Investments



- Actuate Therapeutics -- GSK-3 inhibitor into clinic for oncology and fibrotic diseases
- Aquacycl (Aquam) -- distributed wastewater treatment to reduce sludge & recover energy
- BeTheBeast -- online community for scholastic athletes recruiting ("LinkedIn" for sports)
- Buy It Installed\* -- button integrated into retailer ecommerce site to include installation
- Capillary Bio -- continuous subcutaneous insulin infusion for diabetics
- Connected Signals -- real-time predictive data streams for traffic lights
- Curb -- integrated system for visualizing and managing energy consumption
- Discover Echo (Echo Labs) -- world's first hybrid hi-res digital microscope
- DTx Pharma\* -- oligonucleotide therapeutic for efficient delivery of nucleic acid drugs
- EV Connect -- electric car battery testing system for OEMs
- Groupize -- cloud-based systems to help meeting planners find spaces
- Kangarootime -- childcare software for payments, communications & compliance
- Kast (Evasyst) -- live hang-out to watch movies, TV, play games and share together
- Matrisys Bioscience -- microbiome development for skin infections
- Midas Education -- SAAS integrating 17 "siloeed" data analytics systems in schools
- Mobilize Solutions -- create & share branded photos on social media
- Neural Analytics\* -- non-invasively measure intracranial pressure
- NextPro (Gametime Footage) -- produce & distribute over 50K youth sports games
- Outsite -- co-working and co-living for independent millennial professionals
- Pasturebird -- largest pasture-raised poultry producer in the US

\* TCA investment more than \$1 Million in 2019



# Angel Syndication Network



- 50 Prominent Angel Groups, 1,500 angels, and over \$1 billion in direct investment
- So far, roughly half of those presenting have received additional funding from these investors (totaling \$7.5 million)





## ASN Funded Eight Companies in 2019



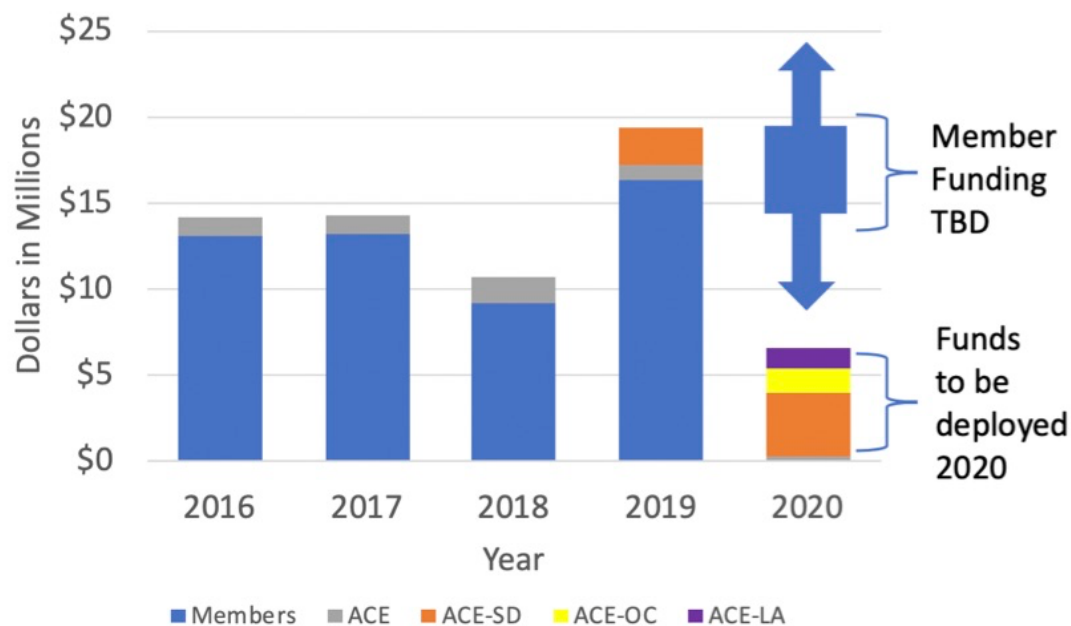
- **BeTheBeast** (presented by Pasadena Angels) – *online community for scholastic athletes recruiting (“LinkedIn” for sports)*
- **DTx Pharma** (presented by Tech Coast Angels) – *oligonucleotide therapeutic for efficient delivery of nucle-ic acid drugs*
- **Kast (Evasyst)** (presented by Tech Coast Angels) – *live hang-out to watch movies, TV, play games and share together*
- **Nymbi Science** (presented by Rockies Venture Club) – *digital balance assessment and intervention software to prevent senior falls (24% reduction)*
- **Paradigm Diagnostics** (presented by Tech Coast Angels) – *finds best comprehensive treatment approaches for cancer (since acquired by Exact Sciences)*
- **Seatrec** (presented by Pasadena Angels) – *Converting temperature differences into electricity generation*
- **StormSensor** (presented by Frontier Angels + Next Wave Impact) – *map water movement through urban infrastructure to prioritize infrastructure spending*
- **Turn Technologies** (presented by Keiretsu) – *solutions for the 1099 labor supply side of the gig economy*



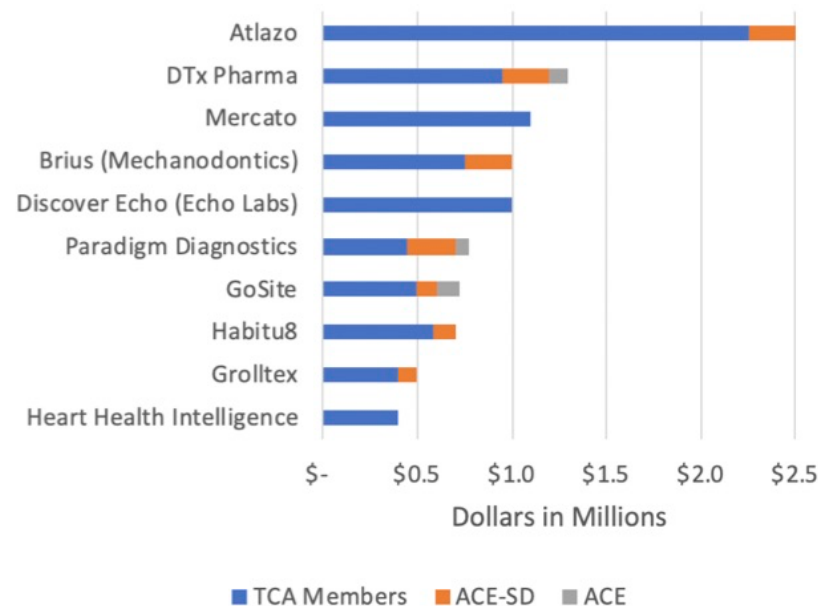
# TCA Chapter Fund Impact



## TCA Investment by Source



## Top 10 TCA-SD Deals in 2019



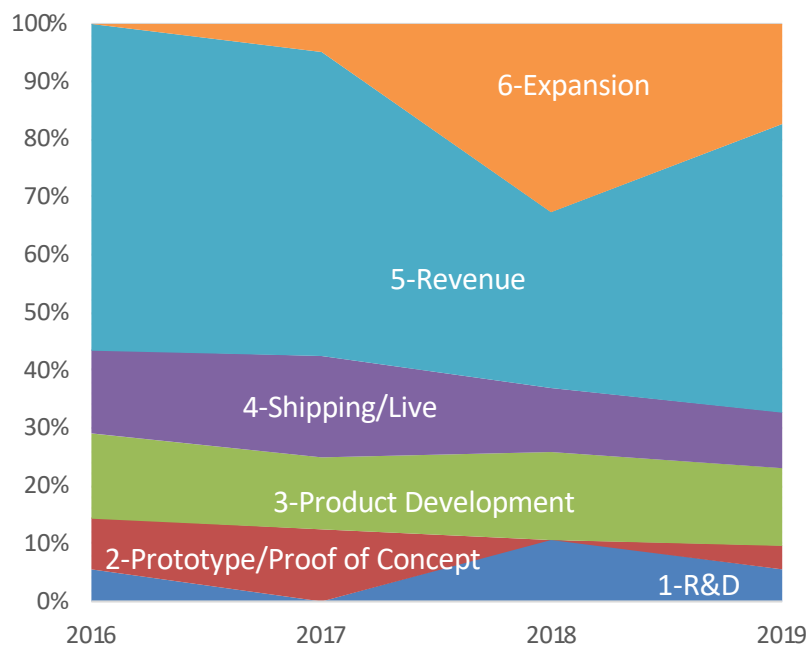
# Trends in Deal Terms & Valuation



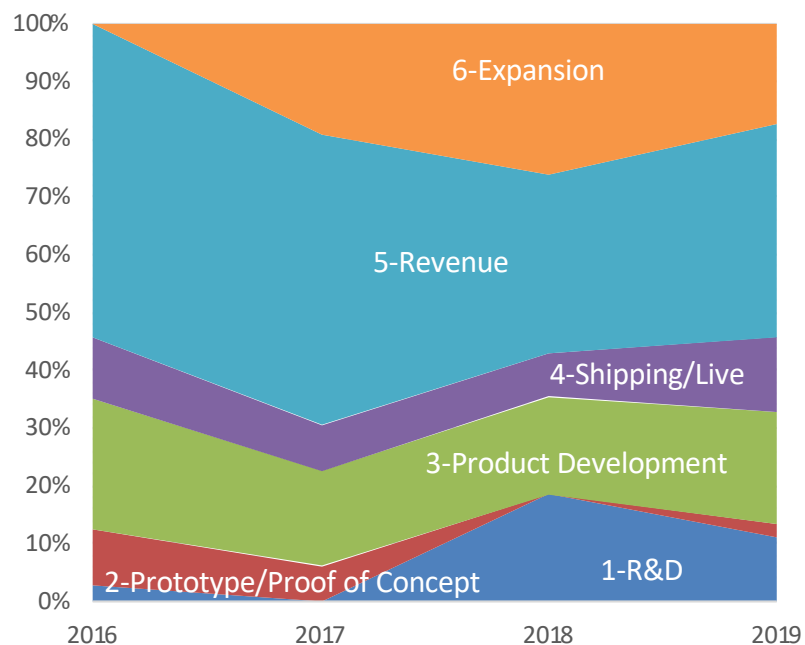
# Development Stage Mix Trends



2016-2019 TCA INVESTMENTS  
BY DEVELOPMENT STAGE  
MIX OF COMPANIES



2016-2019 TCA INVESTMENTS  
BY DEVELOPMENT STAGE  
MIX OF DOLLARS

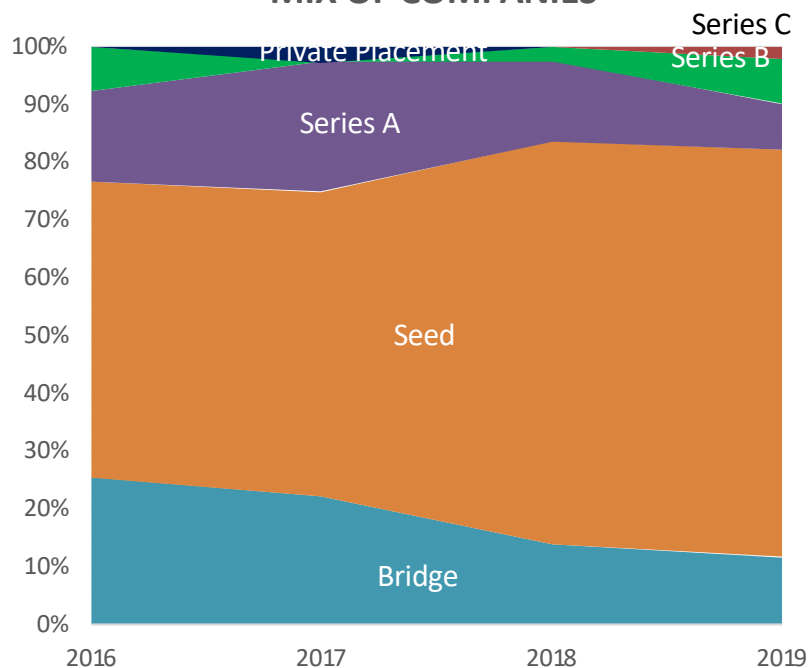




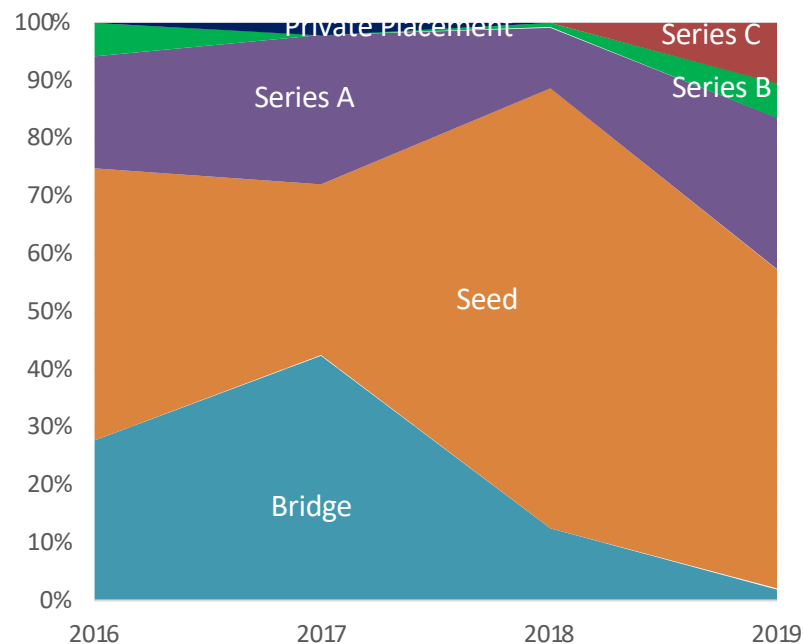
# Stage of Round Mix Trends



2016-2019 TCA INVESTMENTS  
BY STAGE OF ROUND  
MIX OF COMPANIES



2016-2019 TCA INVESTMENT  
BY STAGE OF ROUND  
MIX OF DOLLARS

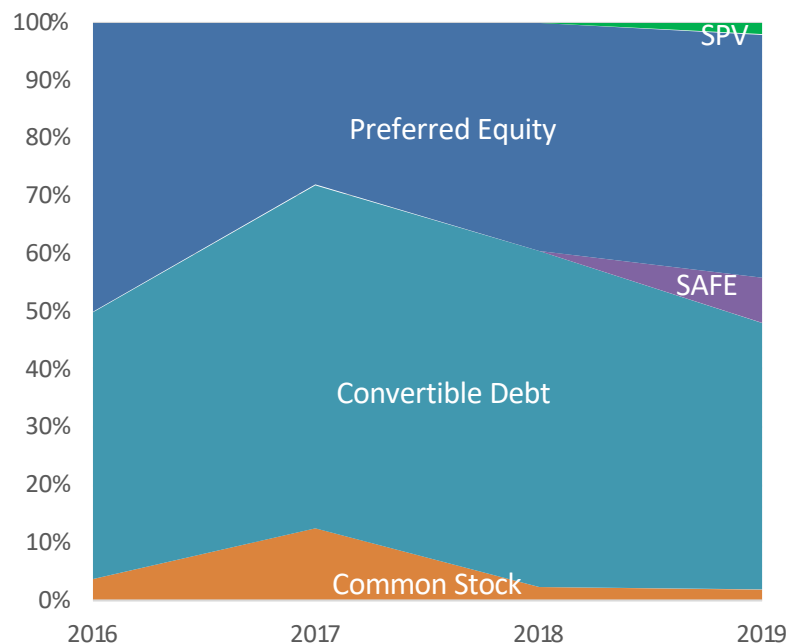




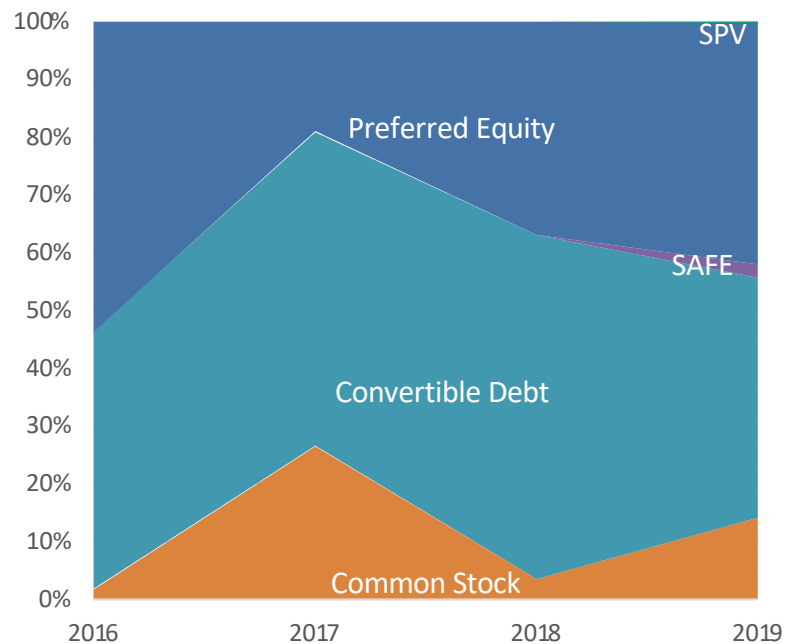
# Deal Type Mix Trends



2016-2019 TCA INVESTMENTS  
BY DEAL TYPE  
MIX OF COMPANIES



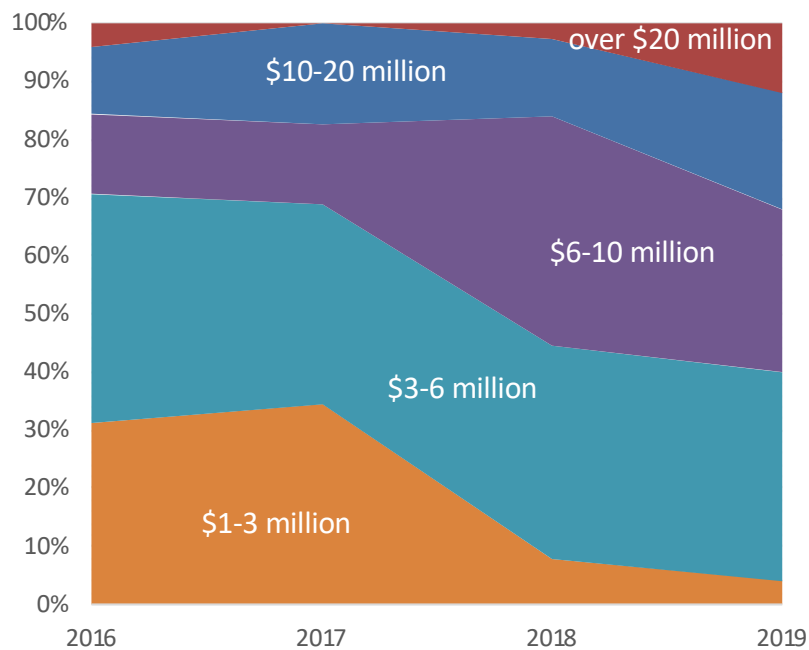
2016-2019 TCA INVESTMENTS  
BY DEAL TYPE  
MIX OF DOLLARS



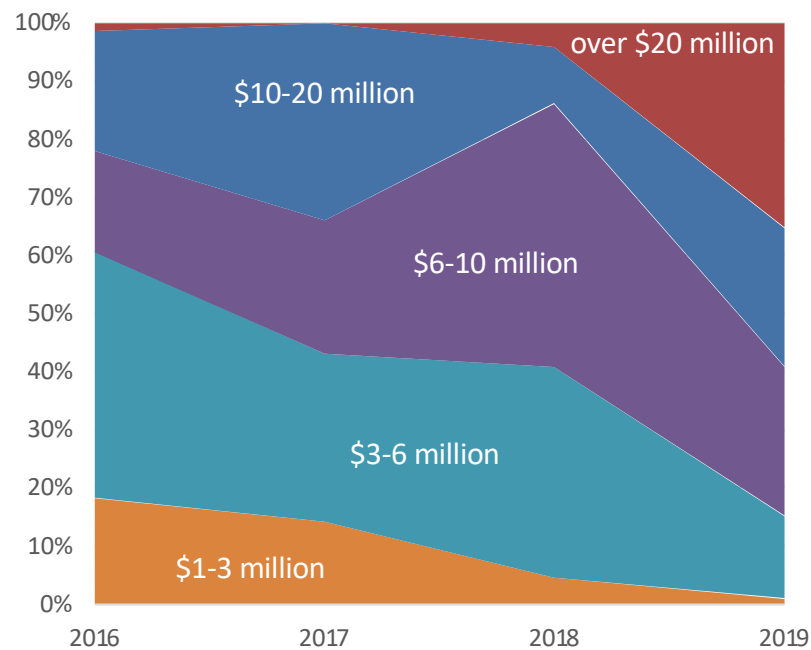


# Valuation Mix Trends

2016-2019 TCA INVESTMENTS  
BY VALUATION  
MIX OF COMPANIES



2016-2019 TCA INVESTMENTS  
BY VALUATION  
MIX OF DOLLARS





## ***Valuation Trends***



- **Valuations at time of TCA investment continue their climb to historically uncomfortable levels -- this should reverse in 2020**
  - 15% of TCA's investments in 2019 were in companies with valuations below \$6 million, compared to 41% in 2018, 43% in 2017 and 61% in 2016
  - The median valuation was \$9.0 million in 2019, compared to \$6.0 million in 2018, and \$4.5 million in 2016 and 2017
  - The long-term "sweet spot" for angel investing are deals valued at \$1-3 million --- this declined to 1% of investment from 5% in 2018, 14% in 2017, and 18% in 2016

# Portfolio Performance



# ***Angel Return Studies***



YEAR	STUDY	Deals (Outcomes)	Angels
2007	Wiltbank - US	1137	539
2009	Wiltbank - UK	406	158
2016	Wiltbank - US	245	*
2018	Central Texas Angels	84	185
2019	Tech Coast Angels	192	450

ACA Data initiative Will Greatly Expand the Dataset – 900 Deals from 68 Groups Added in 2019

*\* Angel Fund deals (including sidecar funds), so the number of investors is unknown*



# ***TCA Returns on 192 Outcomes***



YEAR	STUDY	ROI	HOLD	IRR	<1X	10% of EXITS
2007	Seminal - Wiltbank	2.6X	3.5 yrs	27%	52%	90%
2009	Wiltbank - UK	2.2X	3.6 yrs	22%	56%	80%
2016	Wiltbank - US	2.5X	4.5 yrs	22%	70%	85%
2018	Central Texas Angels	2.5X	4.4 yrs	29%	74%	82%
2019	Tech Coast Angels	4.8X	4.8 yrs	23%	68%	86%

*Source: Wiltbank Studies; CTAN; Analysis of 192 TCA Outcomes including Exits and Shutdowns*



## ***Five Exits in 2019***



- 1 secondary offering
  - **Leaselock** (2014 investment) for a 31x return
- 3 acquisitions (all 2014 investments):
  - **Parcel Pending** to Neopost for \$100 million and a 19x return
  - **Portfolium** to Instructure for \$40 million and a 6.5x return
  - Ushr (a spinout of **Geodigital**) to Dynamic Map Platform for \$181 million
- 1 merger into public company:
  - **Salarius Pharmaceuticals** into Flex Pharma (NASDAQ: SLRX) (2018 investment)

*This brings the total exits since TCA's inception in 1997 to 82 exits, and 110 shutdowns. Of the 417 investments TCA has made since its founding, 225 (54%) are still active. At the highest price achieved after IPOs, **TCA's return has been 4.8X and the IRR has been 23.1%**. This compares to a 2.5x benchmark for angels per Wiltbank Stuides. Tax benefits from the write-offs are not included.*



## 5 – 6 Exits Each Year



### 2014

- Bluebeam Software (20x)
- Airsis (6x)
- Vital Therapies (IPO) (3.3x)
- Truecar (IPO) (?x)
- Allylix (2.8x)
- Hookit (Loop'd Networks) (1.4x)

### 2015

- Mindbody (IPO) (70x)
- CytomX (IPO) (4x)
- Olive Medical (3x)
- Thermark (2.2x)
- CRISI Medical Systems (1.6x)
- Wispry (0.5x)

### 2016

- RetroSense Therapeutics (5X-40X)
- Clearcare (3x)
- grandPad (optional @ 45% IRR)
- Hipmunk (0.7x)
- HitFix

### 2017

- WeGoLook (8x, 400% IRR)
- Savara (3.2x, NYSE)
- Everystory (went public as Dthera Sciences)
- AnyMeeting (0.6x)
- MaMoCa (0.6x)

### 2018

- One Stop Systems (IPO) (12x)
- Casestack (14.7x)
- Envision Solar (now public) (3x)
- Ondax (2x)
- What Pumpkin Games (0.7x)
- Ring Router (1x)

### 2019

- LeaseLock (31x)
- Parcel Pending (19x)
- Portfolium (6x)
- Salaris Pharmaceuticals (1.3x)
- USHR (spinout of Airborne 1/Geodigital)

### 2020 (so far)

- Paradigm Diagnostics (1.3x)
- Zenalis IPO (spinout of Kalyra Pharmaceuticals) 8.2x realized, 10x unrealized
- **Unicorns in Progress:**
- **Procore Technologies (IPO) ~ \$4B**
- **Apeel Sciences (valuation > \$1 B)**



## ***TCA Home Runs***

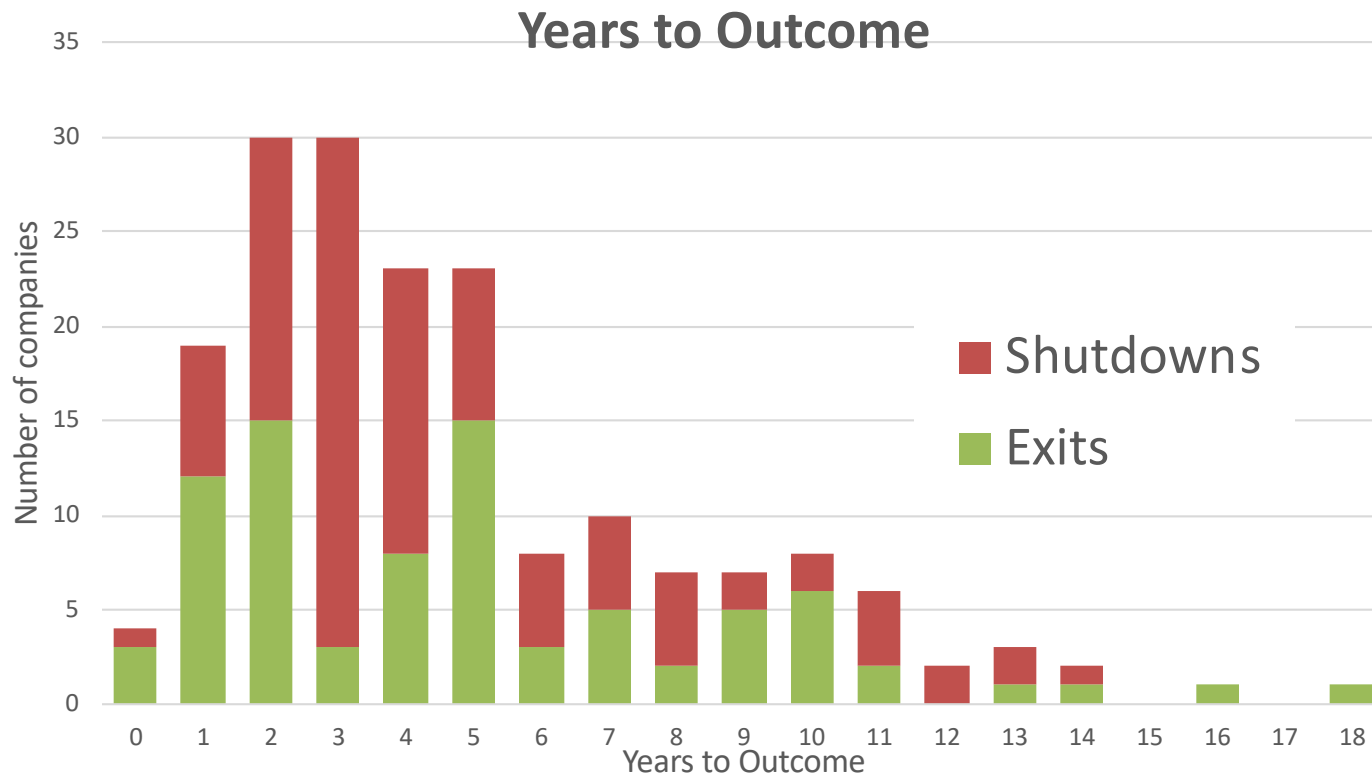


GreenDot IPO @111, peak 235x  
Mindbody IPO @ 70x, peak 263x  
Sandpiper 139x  
Leaselock 31x  
Bluebeam 20x  
Parcel Pending 19x

# Learning From Data Analysis



# What to expect on outcomes timing

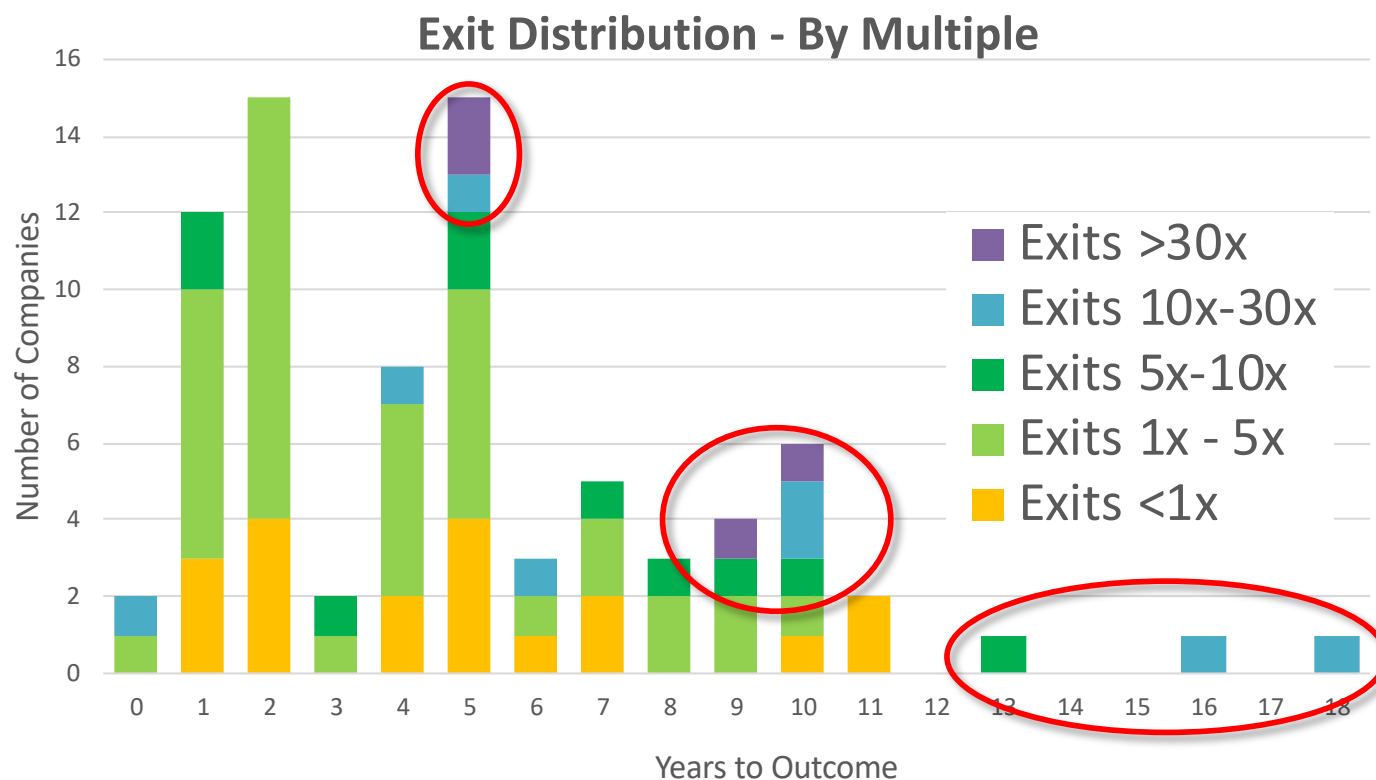


- TCA had 5-7 Exits each year since 2012
- Shutdowns bunch up in first five years
- Exits spread out more or less evenly after investment
  - Quick ones once proven
  - Longer after revenue builds

Source: Analysis of 184 Tech Coast Angels Outcomes including Exits and Shutdowns



# Timing of Larger Exits Shifts Right

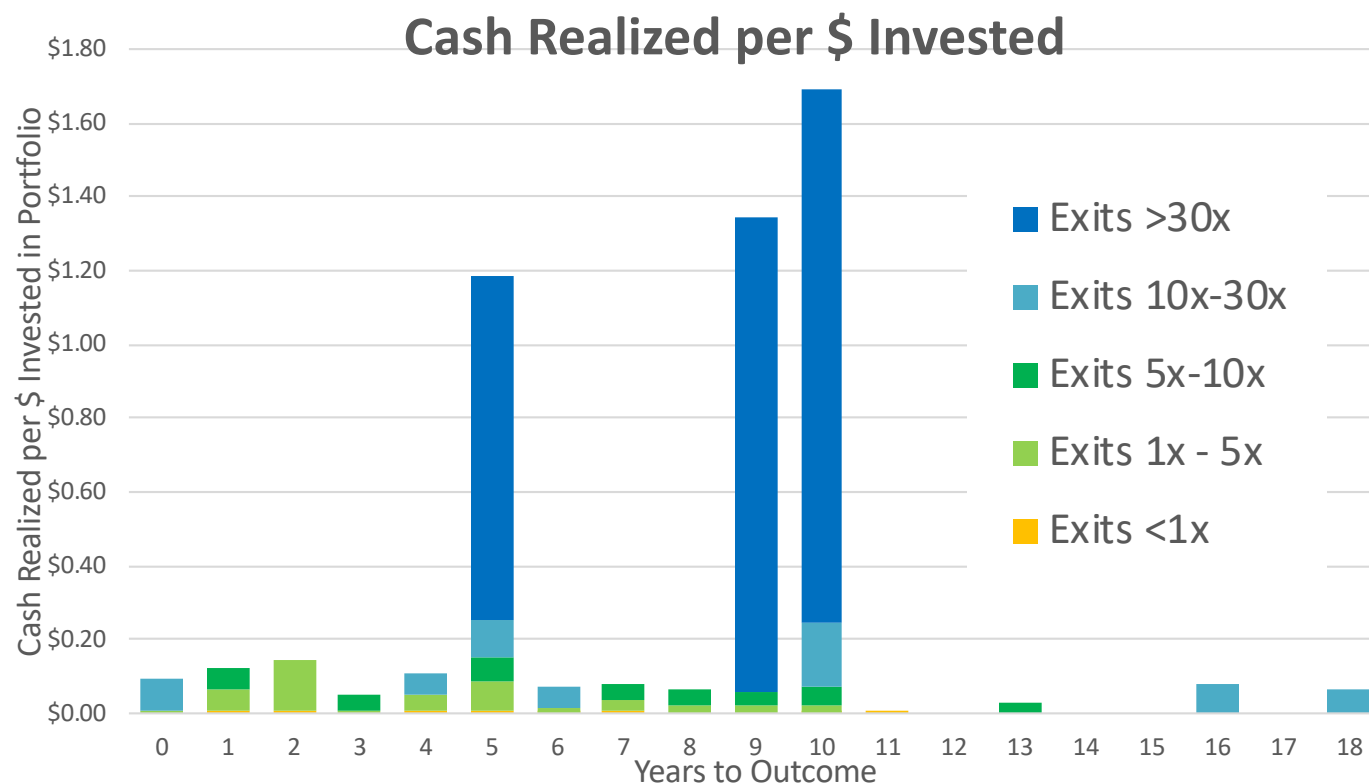


Source: Analysis of 79 Tech Coast Angels Exits that Realized Cash

- Bigger exits come to more mature companies
- Earliest exits tend to be at low multiples



## Timing of Cash Realized



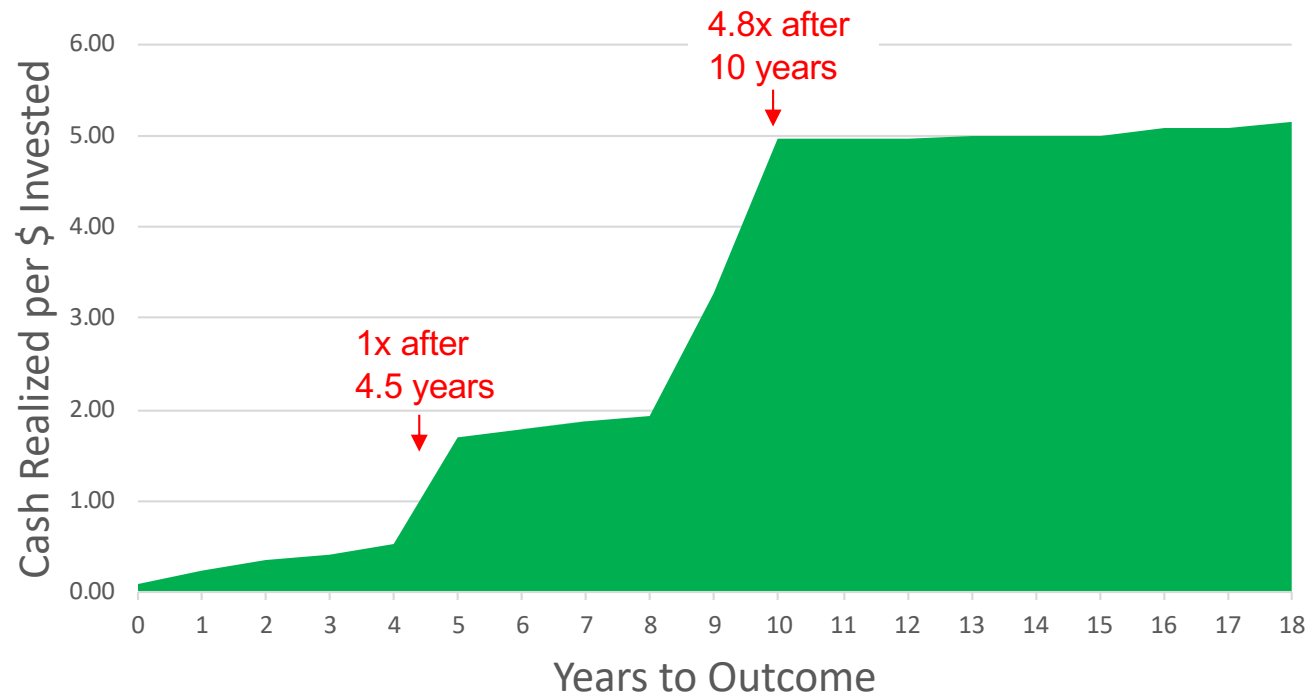
- Homeruns take longer to “ripen”
- Earliest exits tend to be at low multiples



# Expectations on Speed to Payback



## Cumulative Return Over Time

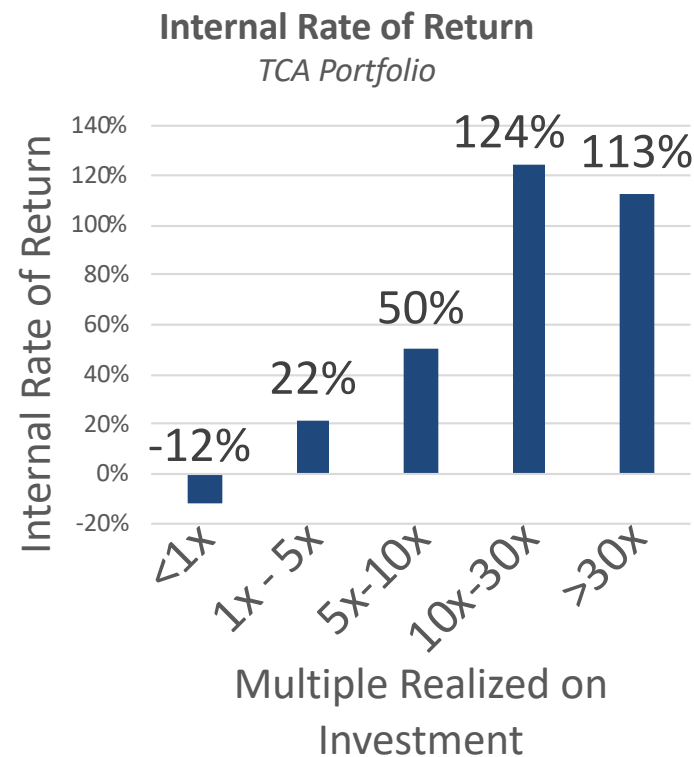
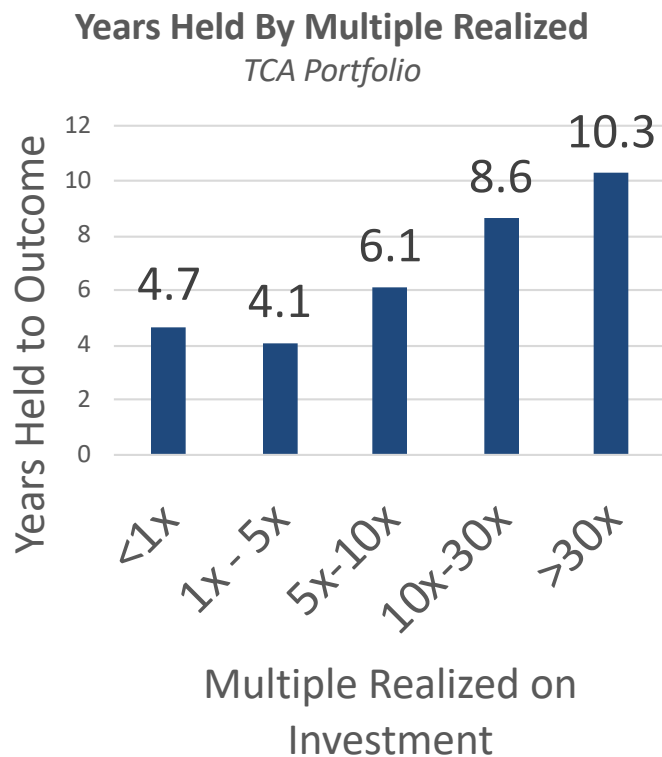


- Payback of principal around 4-5 years
- 480% back by year 10

Source: Analysis of 179 Tech Coast Angels Outcomes including Exits and Shutdowns



# Takes Longer for Home Runs to Mature

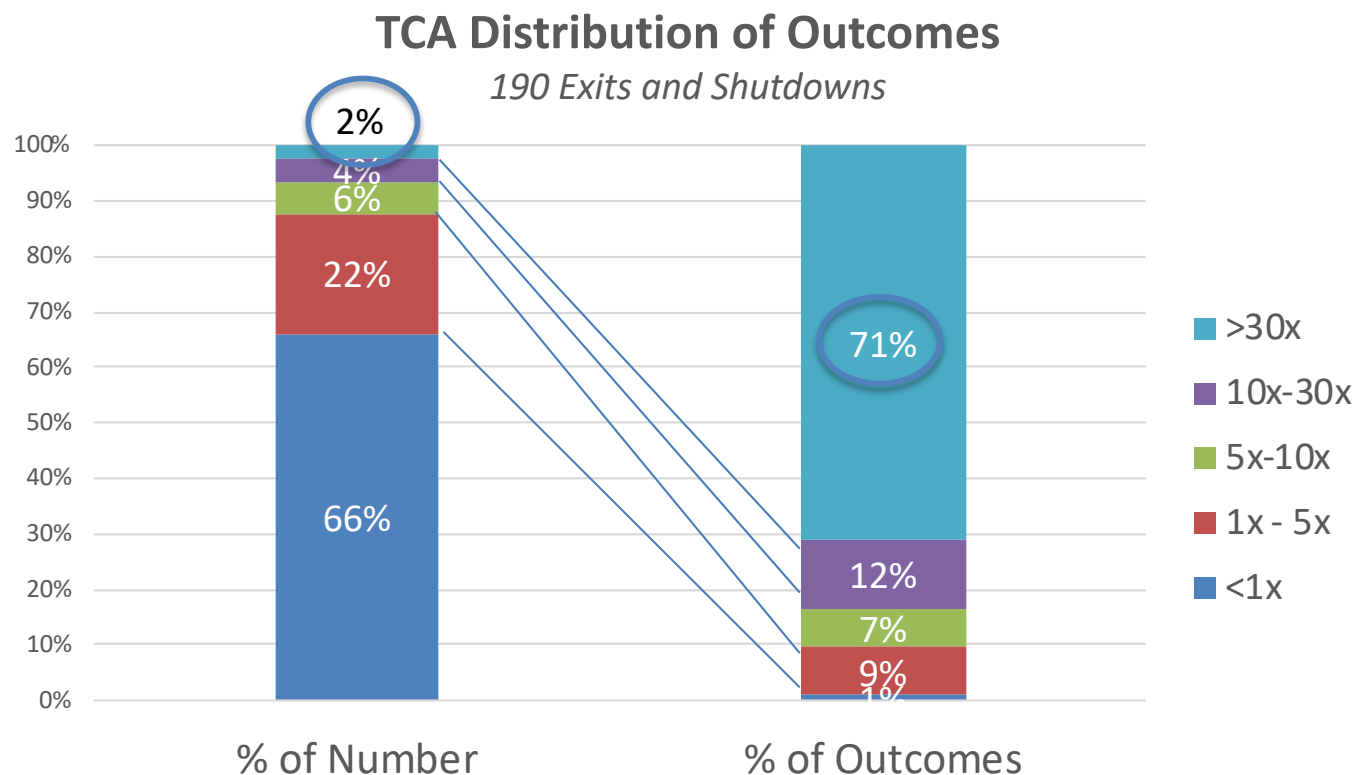


- **Patience Pays Off**

Source: Analysis of 79 Tech Coast Angels Outcomes that Realized Cash



# How Many Investments for Diversification?

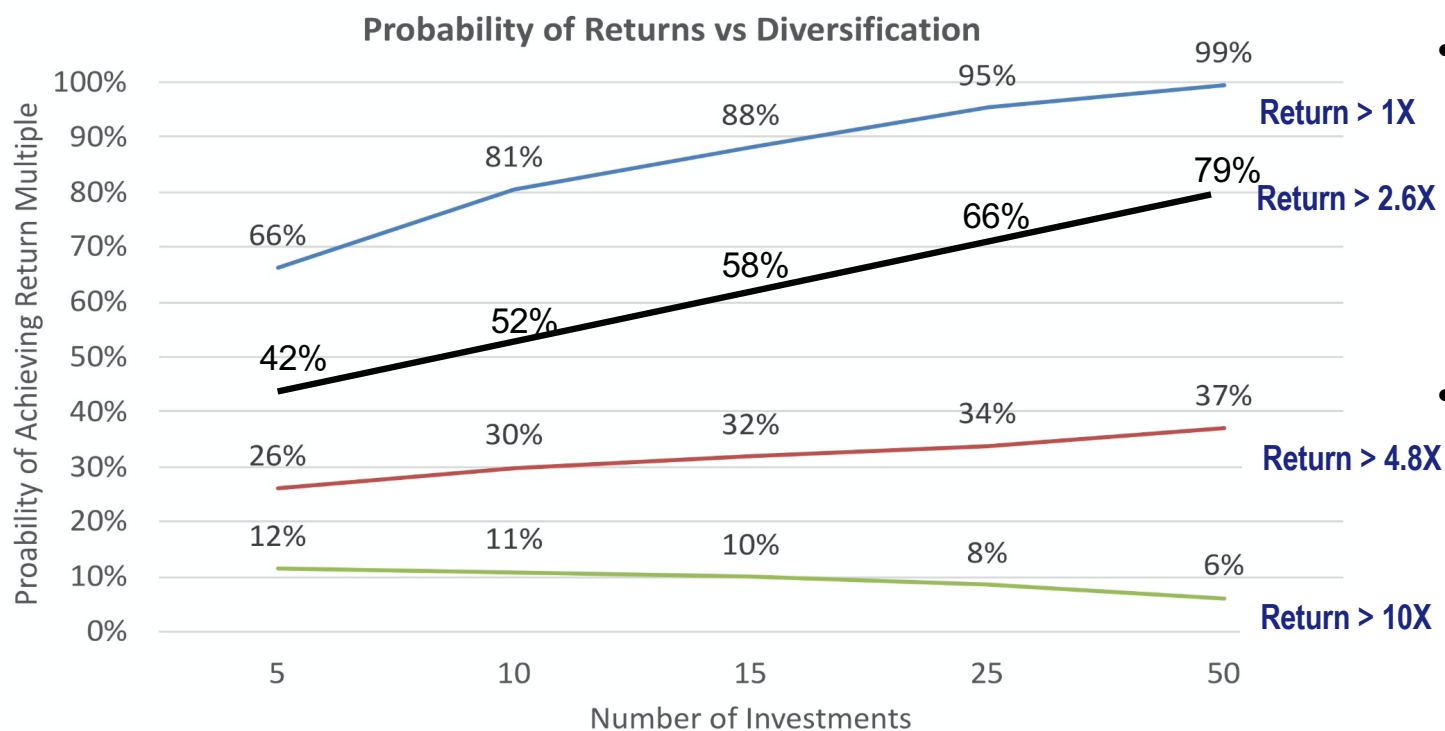


- **Homeruns are few and far between, but drive returns**
  - 2% of companies = 71% of Returns
  - Even a diversified portfolio of 40 investments might have missed a big homerun

Source: Analysis of 190 Tech Coast Angels Outcomes including Exits and Shutdowns



# Diversification is Critical



- 5 Companies
  - 66% chance of earning at least 1x
  - 26% chance of earning at least 4.9x
- 25 Companies
  - 95% chance of earning at least 1x
  - 34% chance of earning at least 4.8x

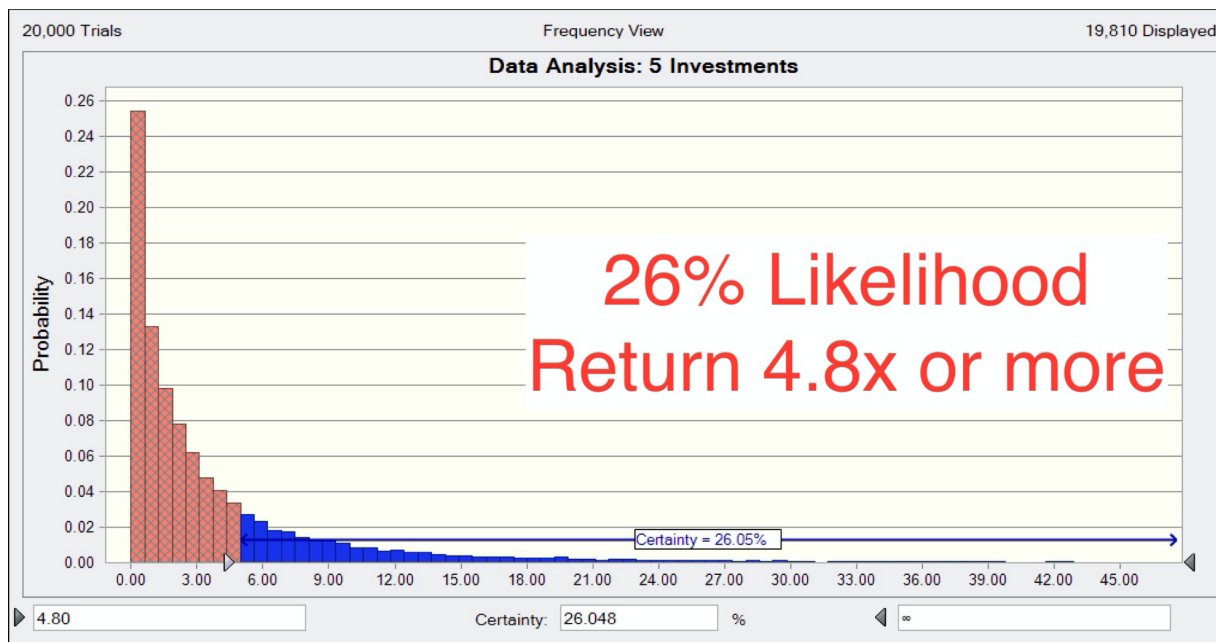
Note: Based on first 159 Outcomes of TCA and Random Selection of Investments & Montecarlo Simulation of 20,000 outcomes



# Simulating Diversification



## 5 Investments



- 159 Outcomes (Exits and Shutdowns)
- *Montecarlo Simulation (20,000 outcomes)*

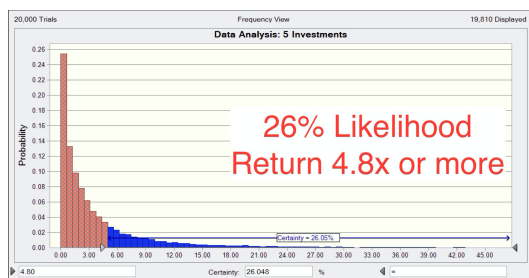
Source: Based of first 159 Outcomes of Tech Coast Angels and Random Selection of Investments & Monte Carlo Simulation of 20,000 outcomes



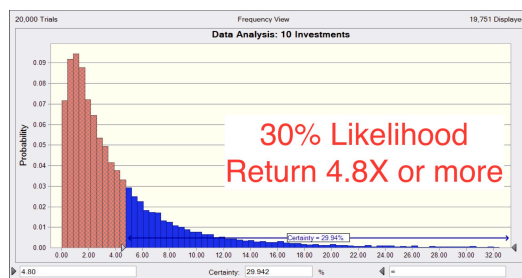
# Simulating Diversification



5 Investments

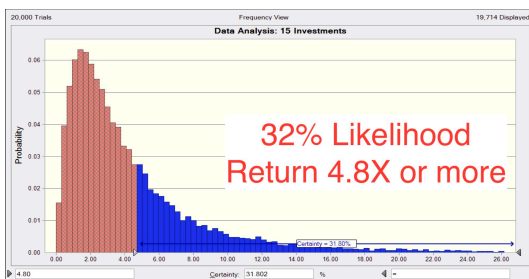


10 Investments

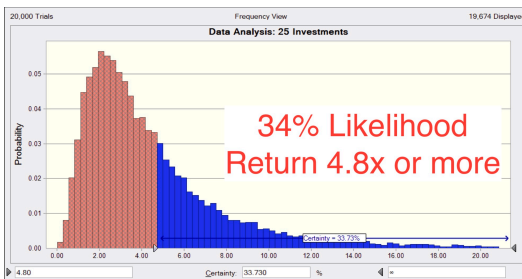


- Diversification improves average return
- Unless you pick only a few and are very lucky!

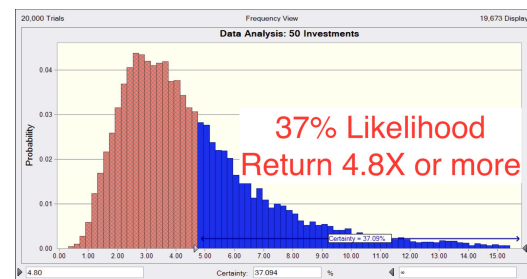
15 Investments



25 Investments



50 Investments



Source: Based on first 159 Outcomes of Tech Coast Angels and Random Selection of Investments & Monte Carlo Simulation of 20,000 outcomes

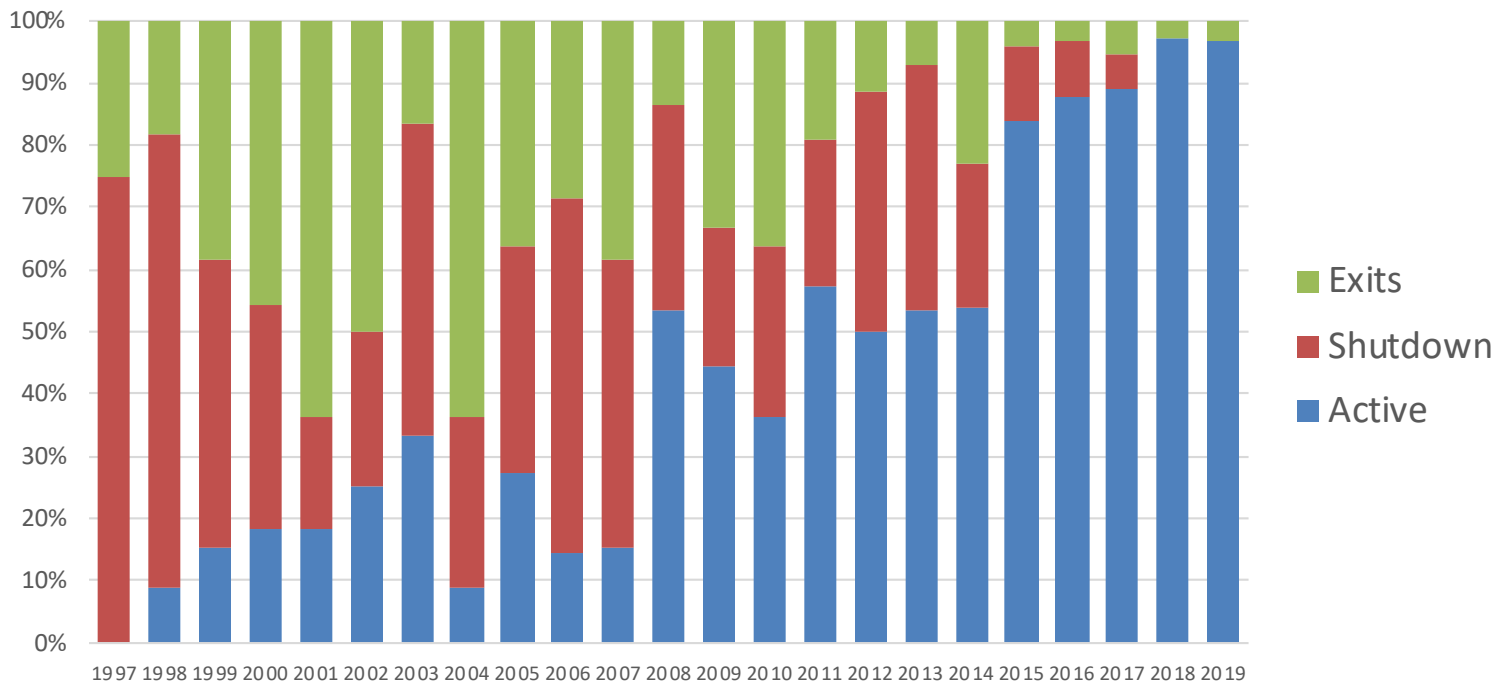


# *Patience is Required*



## TCA Outcomes by Year of Investment

*TCA Portfolio*



**“Active” Portfolio  
Co’s in every year  
but first**

**Last year had a 15x  
of a 2002 company  
after 17 years!**

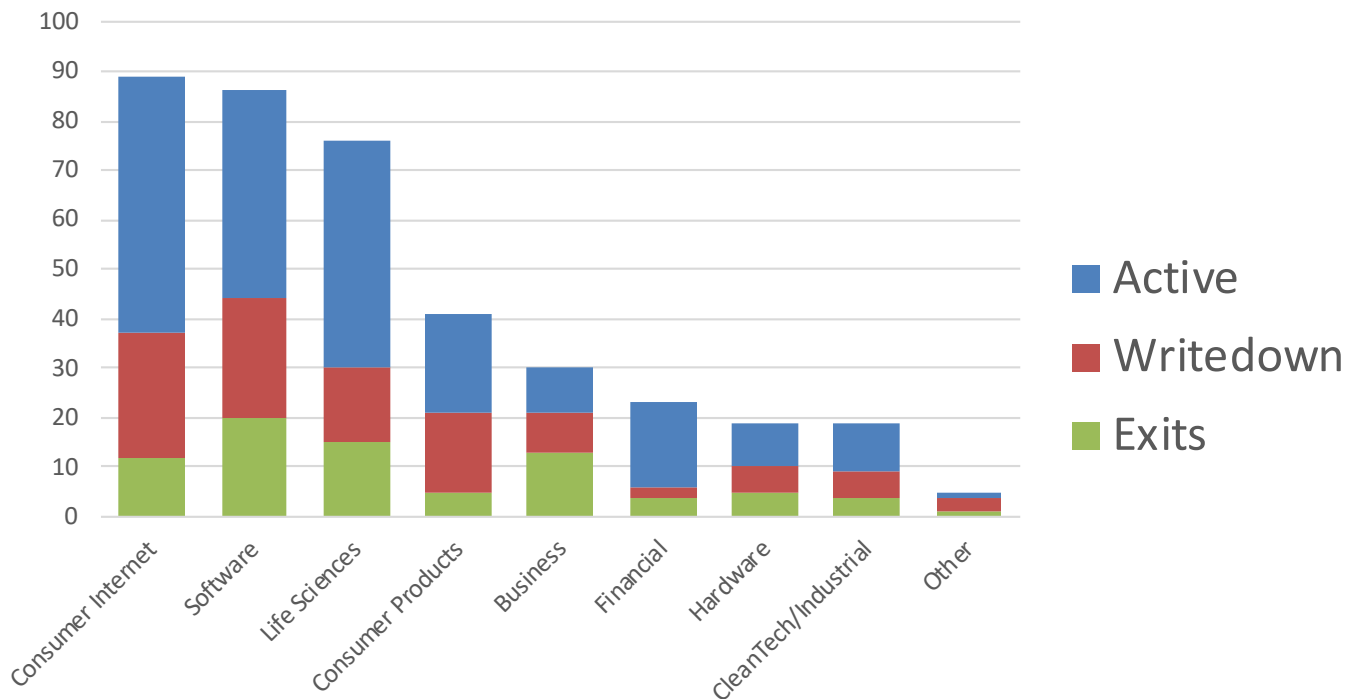
*Note: Includes all Tech Coast Angels portfolio investments since 1997*



# Which Industries Produce More Exits?



TCA Outcomes by Industry



- Internet/Apps is most active industry (for TCA), but fewer exits there
- Poor success rate in Consumer
- Software and BTB higher ratio of exits
- Life Sciences longer time to resolve, but higher % are exits

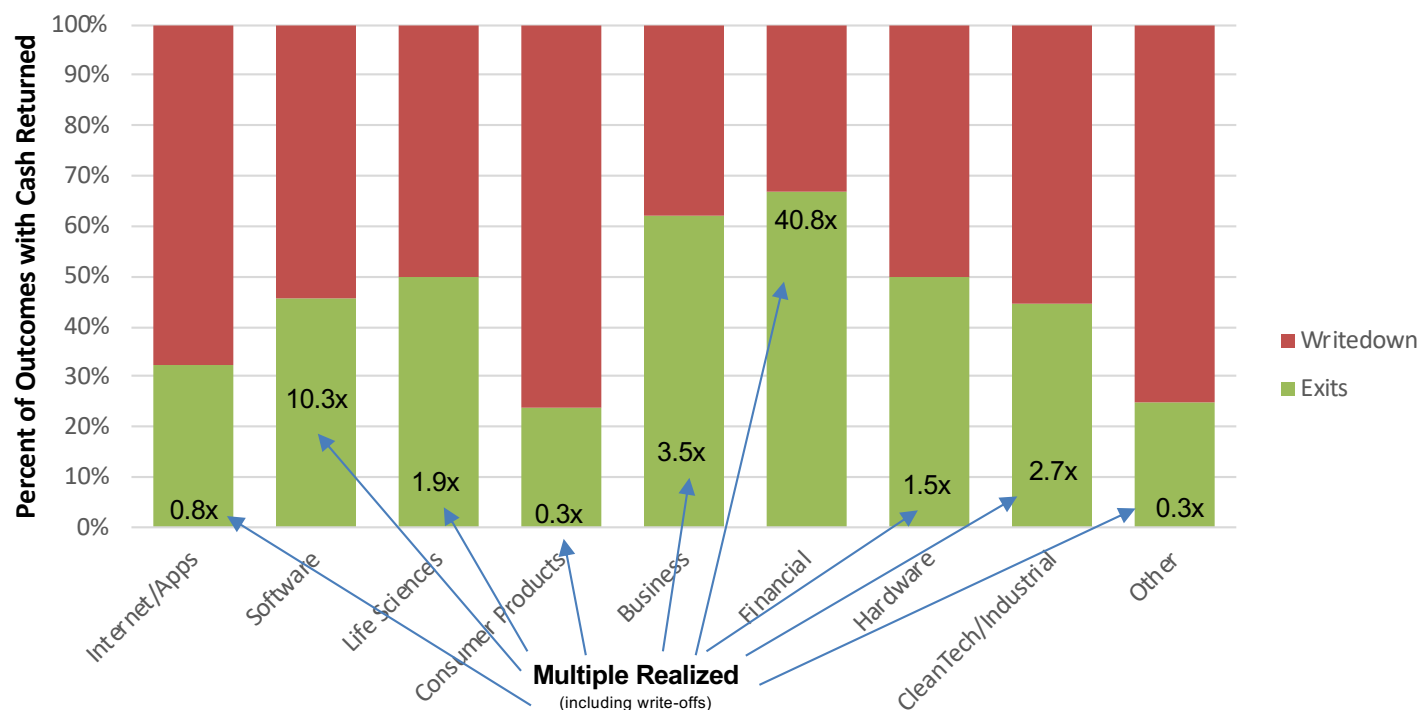
Source: Analysis of all 182 Tech Coast Angels portfolio companies since 1997



# Outcomes By Industry



TCA Outcomes by Industry



- Multiples highest for Financial and Software (driven by homeruns)
- Consumer and Internet/Apps disappointing

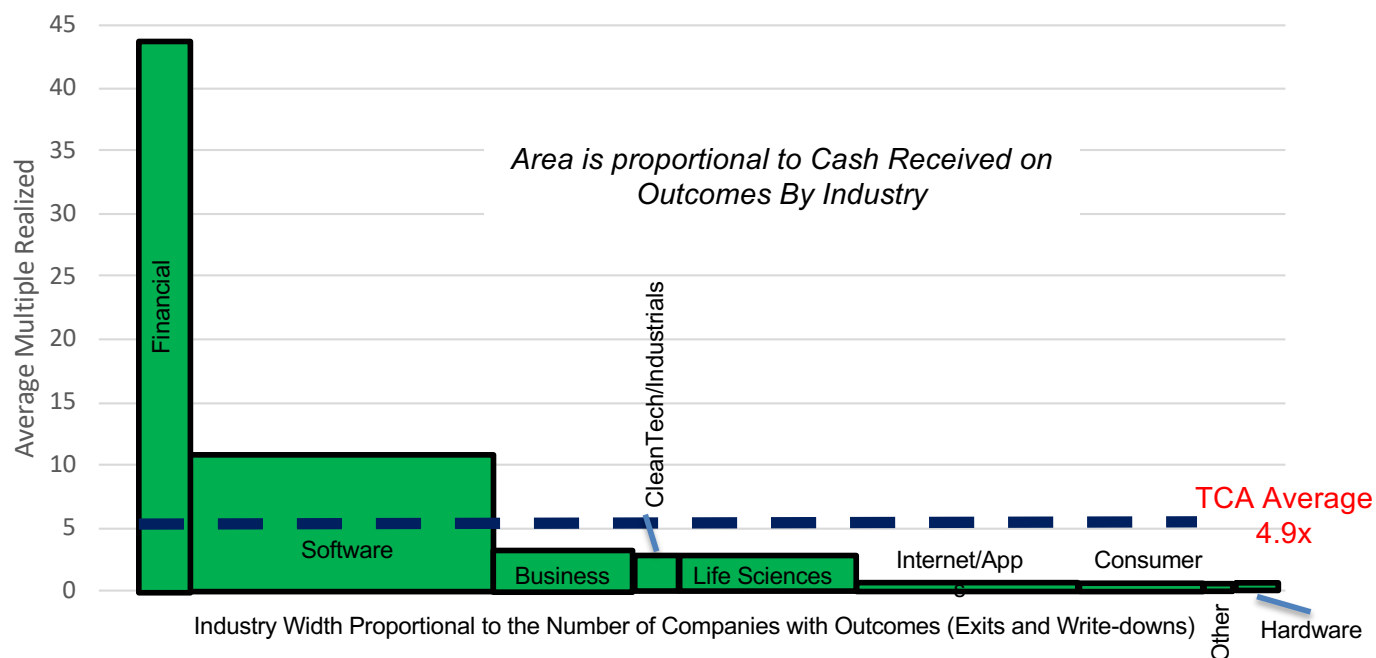
Note: Includes all Tech Coast Angels exits returning cash, as well as all shutdowns



# TCA Performance By Industry



Average Multiple by Industry



Note: Includes all Tech Coast Angels exits returning cash, as well as all shutdowns

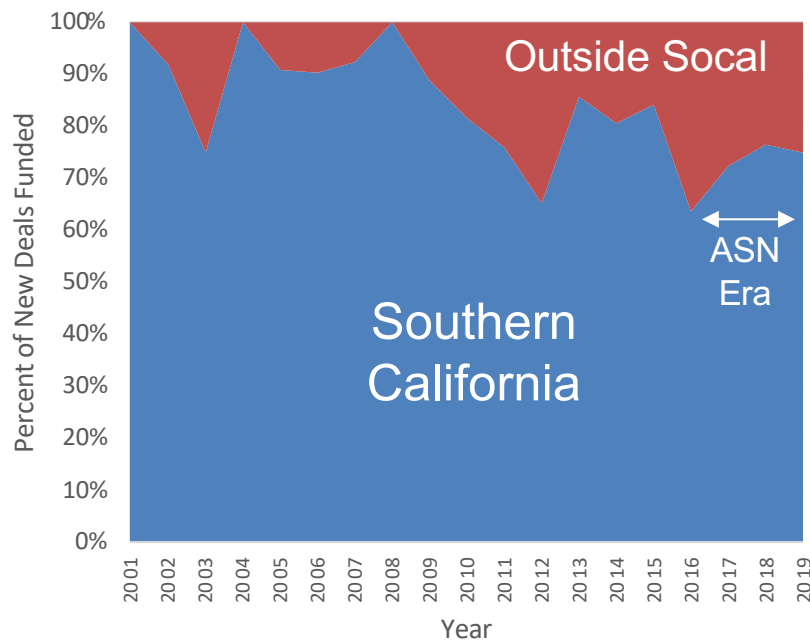
- Financial and Software were biggest winners, driven by home runs



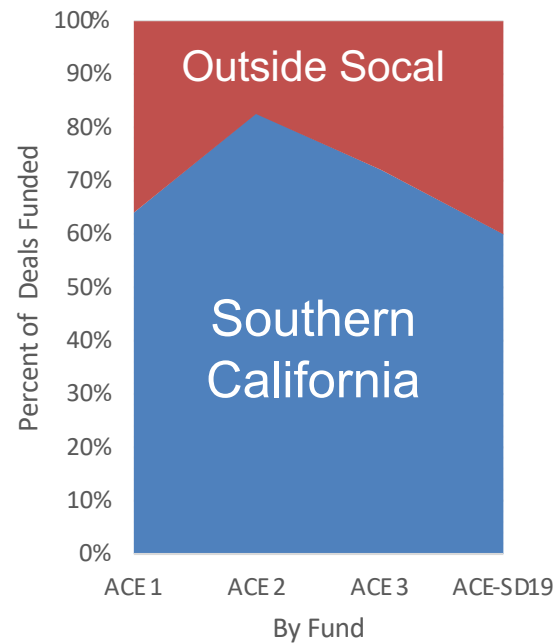
# TCA Invests Mostly Locally



TCA Initial Investments  
By Geography



ACE Fund Investments  
by Geography



- Non-Local has grown since 2015 due to greater syndication
- ASN (Angel Syndication Network) leverages local mentoring with geographic diversification

Source: Analysis of 182 Tech Coast Angels Outcomes including Exits and Shutdowns



## ***TCA Does Better Locally***



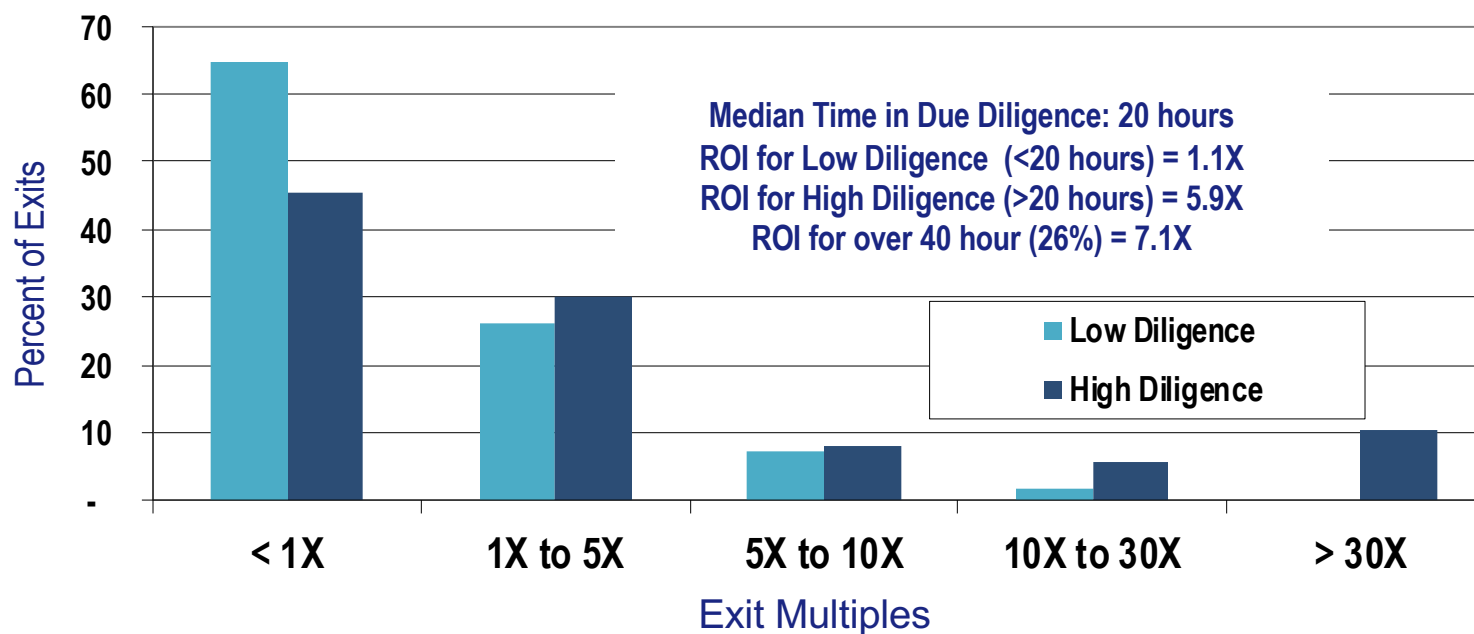
	SoCal	Non-SoCal
Number of portfolio companies	81%	19%
Investments		
Dollars invested	82%	18%
Number of exits	84%	16%
Cash realized on exits	96%	4%
Average Multiple on Outcomes*	6.3x	1.3x

- **More engagement leads to better returns for local companies**

*Source: Analysis of 182 Tech Coast Angels Outcomes including Exits and Shutdowns*



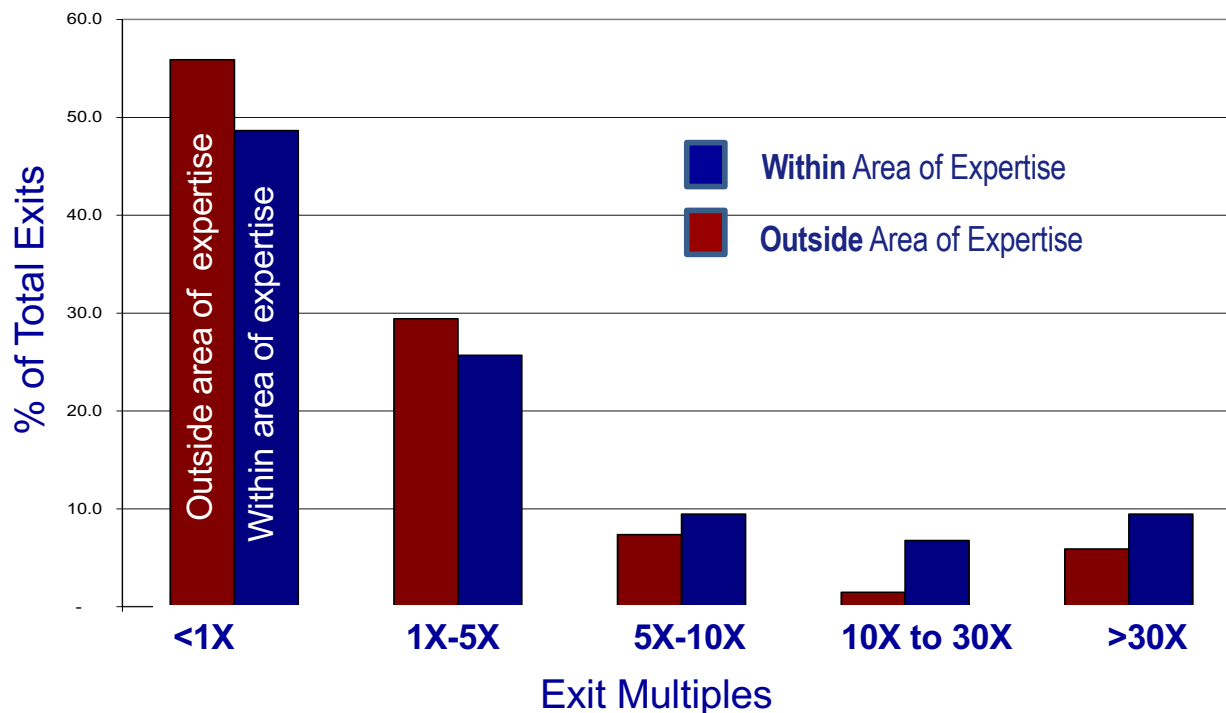
# WHY Due Diligence?



Source: Returns to Angels In Groups Study by Rob Wiltbank 2007



# Why Industry Expertise of Investor?

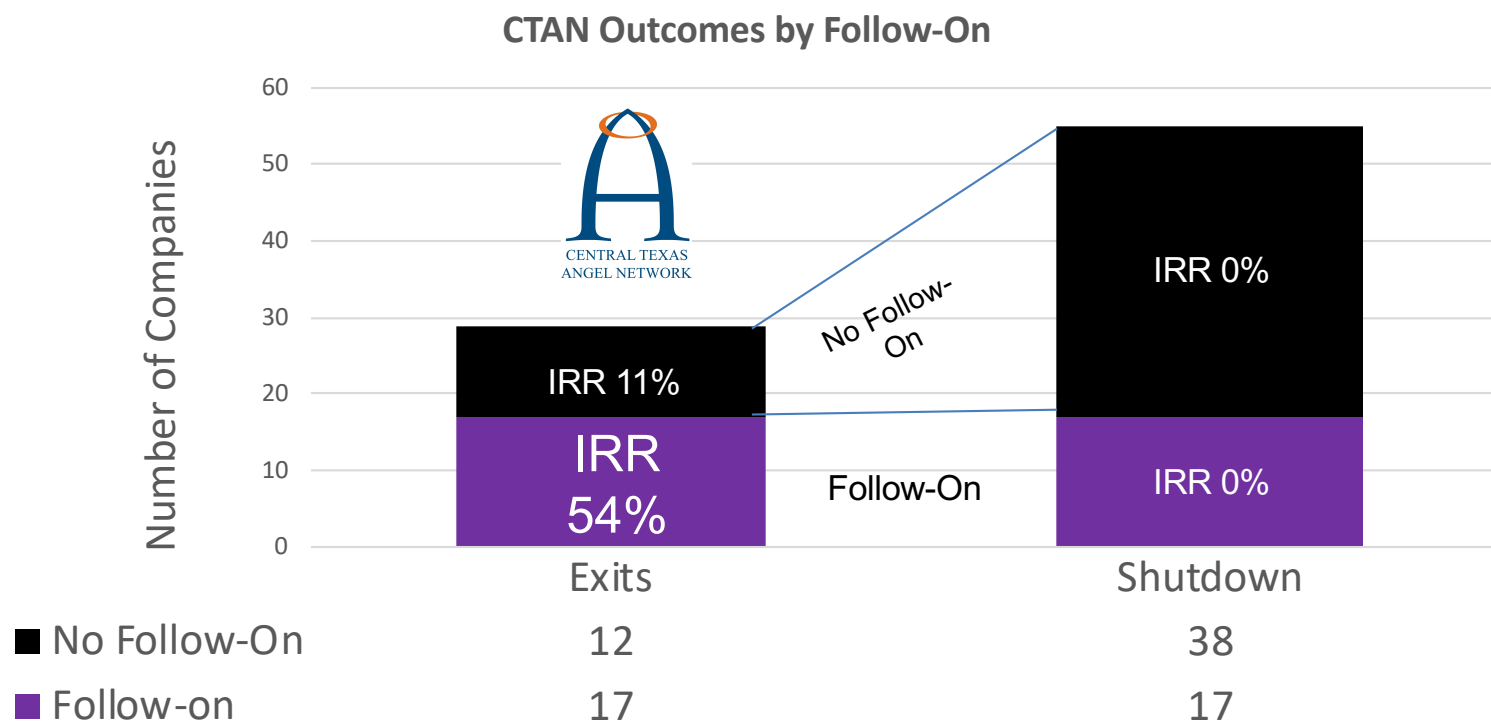


- 50% of deals were not related
- When related, they typically had 14 years of experience
- Returns for deals related to angel's experience twice that of those for which angels had no experience

Source: *Returns to Angels In Groups Study* by Rob Wiltbank 2007



# Do Follow-Ons Perform Better?

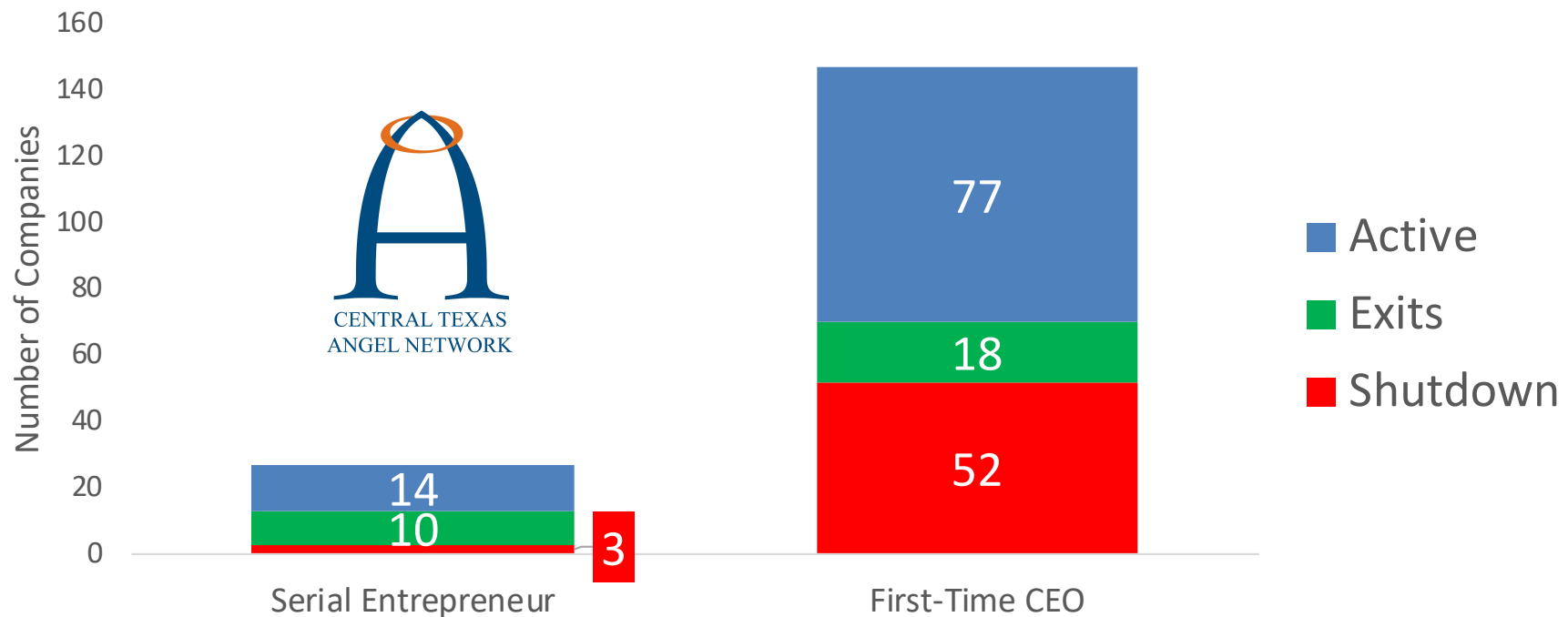


Source: Central Texas Angel Network, 2006-2018; includes Exits and Shutdowns



# Why Experienced CEO?

## CEO Experience



Source: Central Texas Angel Network, 2006-2018



## ***But Consider “Whole Package”***



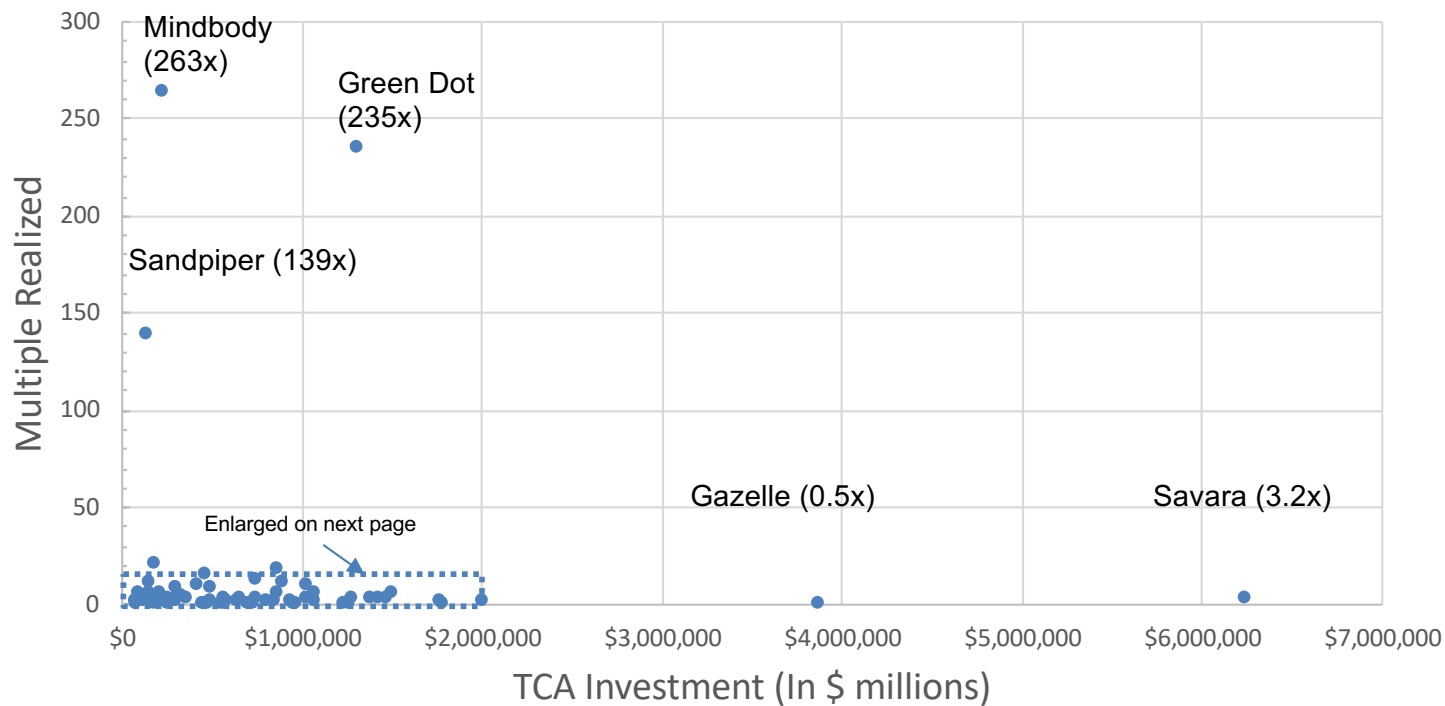
- All things being equal, you should expect better success with an experienced CEO
- But beware screening out all that don't meet criteria of previous CEO Experience. What if one of these entrepreneurs applied to your Angel Group?
  - Steve Jobs at APPLE (market cap now \$1535 B)
  - Bill Gates at MICROSOFT (market cap now \$1500 B)
  - Jeff Bezos at AMAZON (market cap now \$1323 B)
  - Sergey Brin & Larry Paige at GOOGLE (market cap now \$1003 B)
  - Mark Zuckerberg at FACEBOOK (market cap now \$683 B)



# No evidence of “Wisdom of crowds”



Multiple Realized vs. Amount Invested



- No correlation between size of deal and outcomes at the extremes

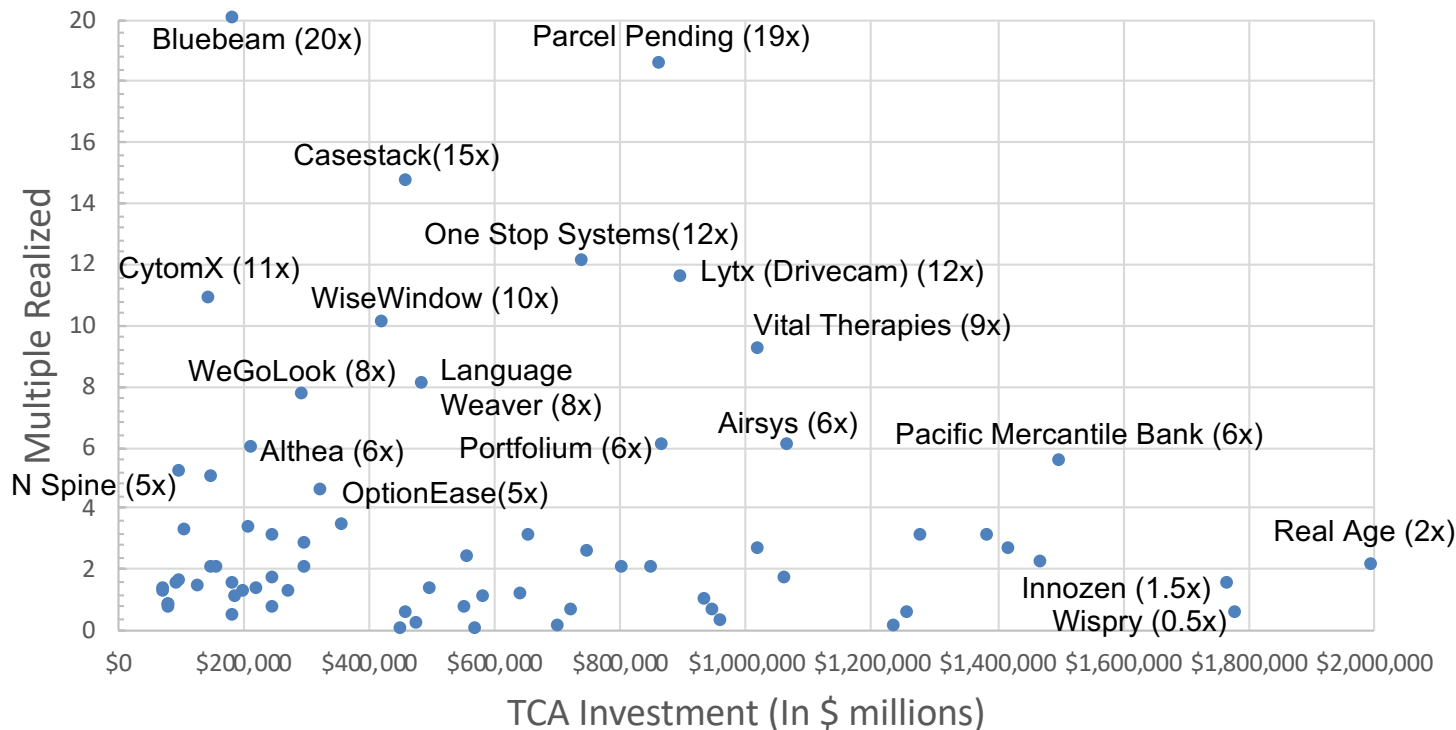
Source: Analysis of 179 Tech Coast Angels Outcomes including Exits and Shutdowns



# No evidence of “Wisdom of crowds”



Multiple Realized vs. Amount Invested



- No correlation between size of deal and outcomes in “normal “ range either

Source: Analysis of 179 Tech Coast Angels Outcomes including Exits and Shutdowns



# Best Performing Deals By Multiple



Company	Business Description	Year Funded	Network	Multiple	IRR
MindBody Inc.	Business Services Software	2005	LA	263.7	60.9%
GreenDot (formerly Next Estate)	Over-the-Counter Pre-Paid Charge Card	2001	LA	234.7	60.5%
Sandpiper Networks	Internet Infrastructure	1997	SD	138.6	168.1%
LeaseLock	sells Certificates of Guarantee promising rent when tenant defaults	2014	LA	31.10	98.9%
BlueBeam Software	PDF Collaboration	2004	LA	20.0	34.9%
Parcel Pending	Electronic Smart Locker storage system for multi-family housing	2014	OC	18.5	79.2%
Green Earth Technologies	oil substitute, made from waste beef tallow	2007	LA	16.3	1525.0%
CaseStack Inc.	Integrated Logistics Outsourcing	2002	LA	14.7	21.2%
One Stop Systems, Inc.	Manufactures Computers for Industrial Applications	2000	SD	12.0	14.7%
Lytix (formerly DriveCam and I-Witness)	Video Event recorder fo driver feedback safety	2002	SD	11.5	27.7%
Cytom X Therapeutics	antibody therapeutics for a variety of serious diseases, including cancer	2009	CC	10.9	32.0%
WiseWindow	Open Qualitative Content Aggregation Platform	2008	OC	10.0	77.8%
Vital Therapies, Inc.	Liver Assist Device	2004	SD	9.2	18.2%
Language Weaver, Inc.	Machine Translation Software	2002	LA	8.0	29.7%
WeGoLook	dispatches in-person Lookers to verify claims made by internet sellers	2014	ACE	7.7	97.2%
Portfolium	online social portfolio network	2014	SD	6.0	43.1%
AIRSIS	Remote asset tracking & management	2005	SD	6.0	22.0%
Althea Technologies	cGMP manufacturing, analytical development, aseptic filling	2000	SD	5.9	14.6%
Pacific Mercantile Bank	Financial Services	1999	OC	5.5	64.3%
N Spine	Spine Stability System	2006	SD	5.2	416.0%



# Best Performing Deals By IRR



Company	Business Description	Year Funded	Network	Multiple	IRR
Green Earth Technologies	oil substitute, made from waste beef tallow	2007	LA	16.3	1525.0%
N Spine	Spine Stability System	2006	SD	5.2	416.0%
Envision Solar	portable solar EV charging station with no grid ties	2017	OC	2.8	180.0%
Sandpiper Networks	Internet Infrastructure	1997	SD	138.6	168.1%
LeaseLock	sells Certificates of Guarantee promising rent when tenant defaults	2014	LA	31.10	98.9%
WeGoLook	dispatches in-person Lookers to verify claims made by internet sellers	2014	ACE	7.7	97.2%
LendAmend LLC	Online solution for loan amendment	2011	LA	3.4	84.4%
Parcel Pending	Electronic Smart Locker storage system for multi-family housing	2014	OC	18.5	79.2%
WiseWindow	Open Qualitative Content Aggregation Platform	2008	OC	10.0	77.8%
eTeamz	B2C Amateur Athletic Community	1999	OC	3.0	73.2%
RetroSense Therapeutics	biologic approach to vision restoration in retinal degenerative conditions	2014	SD	4.5	65.1%
Pacific Mercantile Bank	Financial Services	1999	OC	5.5	64.3%
Molecular Medicine BioServices	Contract Clinical Manufacturer	2005	SD	2.6	62.5%
MindBody Inc.	Business Services Software	2005	LA	263.7	60.9%
GreenDot (formerly Next Estate)	Over-the-Counter Pre-Paid Charge Card	2001	LA	234.7	60.5%
Heartland Resource Technologies LLC	Soy Based Adhesive Resin	2005	LA	2.4	53.6%
grandPad	tablet solution to link senior citizens and their families/caregivers	2015	OC	1.5	45.0%
Portfolium	online social portfolio network	2014	SD	6.0	43.1%
CrowdTorch (formerly LaughStub )	Ticket service for comedy club	2010	LA	2.0	41.4%
OptionEase	Stock Option Audit Financial Software	2007	OC	5.0	38.0%



## ***Lessons Learned***



- **Avoid temptation of early exits, and keep your money on the table**
  - Higher % of homeruns have early exit options
    - 2 of TCA's 3 home runs had early exit options
    - Early traction and success attracts strategic investors, and reduces funding risk
    - Chance of another exit much higher for companies that have an interim optional exit
  - If you took the first available exit option on TCA portfolio, realized return would drop from 4.8x to 2.4x
  - Boost to IRR from early exits not commensurate with loss of multiple realized – IRR would drop to 21% from 26%



## ***Tips Going Forward***



Strong pipeline of opportunities. But events in early 2020 clearly show the investment cycle has turned down. Our advice to smart entrepreneurs at this stage in the cycle is to be well prepared:

- Get realistic about valuation and don't look to recent averages. It's a new world. Any investment will be hard, and overpricing can be fatal
- Hunker down to survive, and try to find a way to stay afloat with the funds you've already raised. In the next two years, more good companies will likely fail for lack of financing than for all other reasons combined
- If you are lucky enough to attract funding, raise as much money as you can in the current round and don't be concerned about dilution. You won't regret it later
- Stay focused. Spend wisely and frugally. If the next dollar you spend doesn't make for a better product or better customer experience, don't spend it. Consider shifting more compensation from cash to stock options at least on a voluntary basis
- Seek investors who can provide you with experience, guidance and contacts that can help you navigate the challenges ahead (rather than those that are willing to offer the highest valuation)
- **For Angels, now is the time to accelerate funding of companies at more realistic valuations -- particularly companies which can achieve breakeven with the funds raised in the current round**