

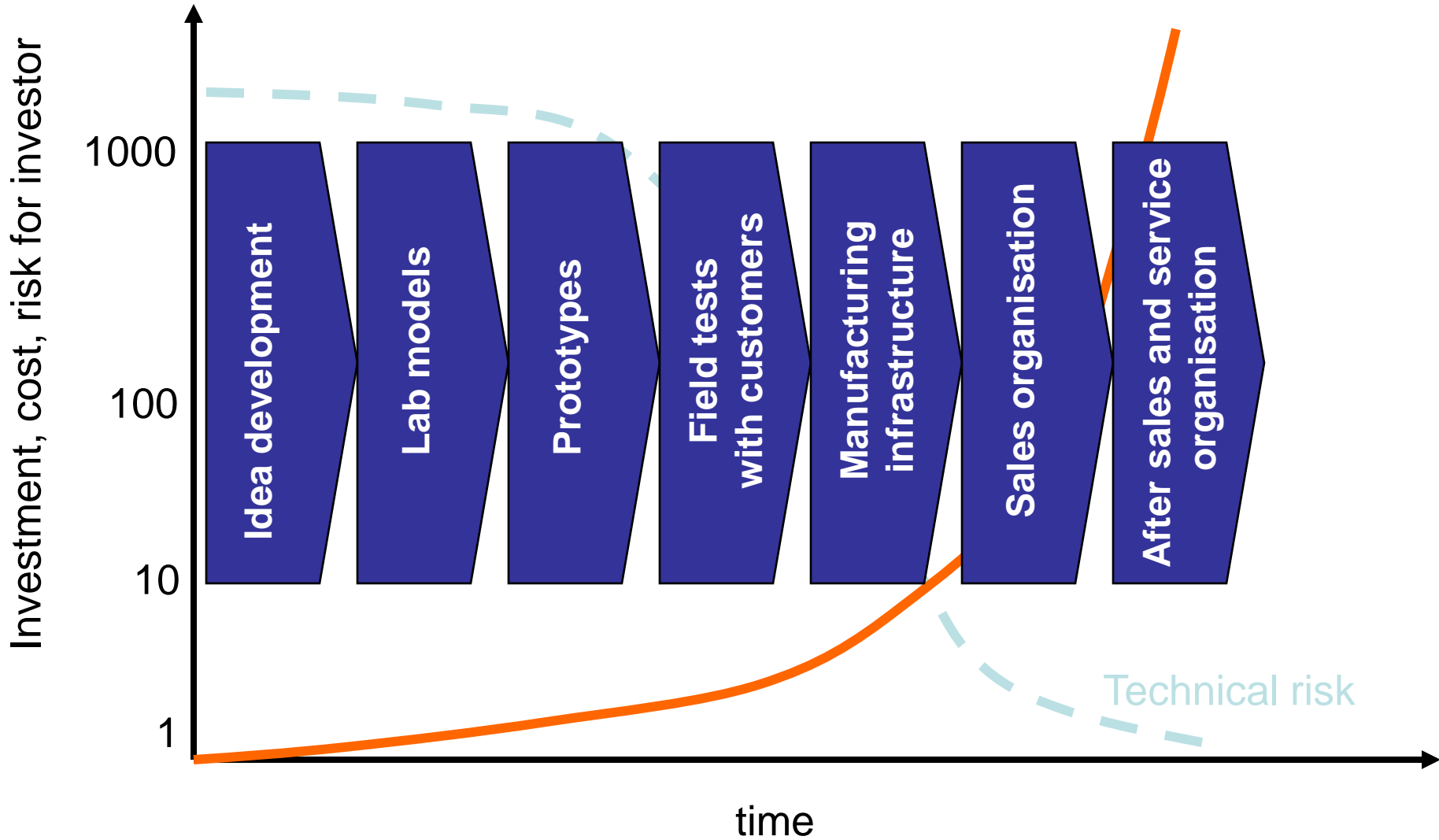
# Financing of Technology Ventures

**Katarina Lundblad Pinnekamp**

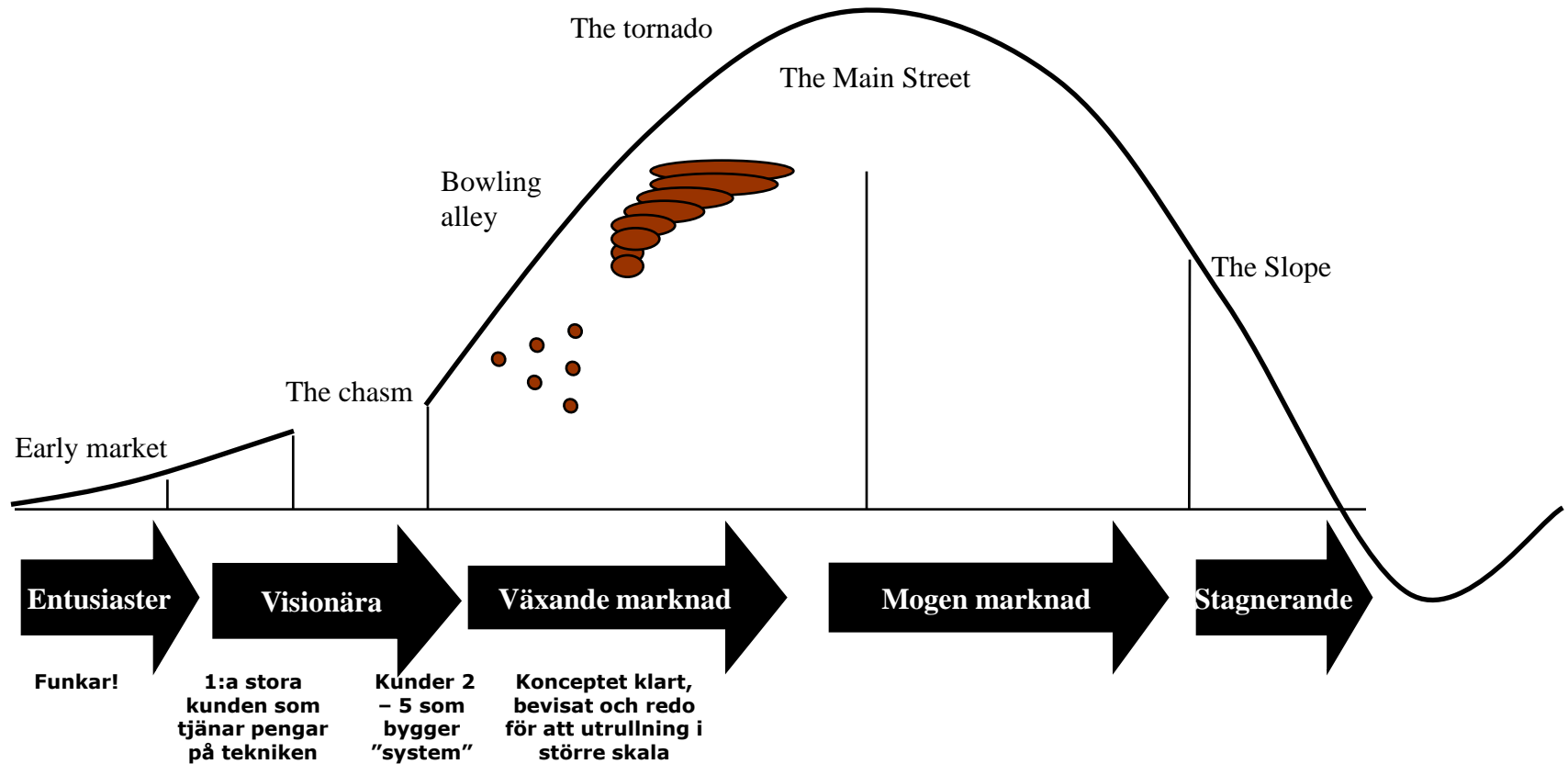


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# Major steps in the value chain



# Crossing the chasm – by Geoffrey Moore



# The market price for technology



- Before crossing the chasm
  - Seed financing
  - R&D assignments
  - Consulting
  - University based
  - Other
- After the chasm
  - Venture capital
  - Joint ventures
  - Bank loans
  - Customers
  - Cooperation parties

**The more proven your technology,  
the better your bargaining position**

# To think about in the first phase

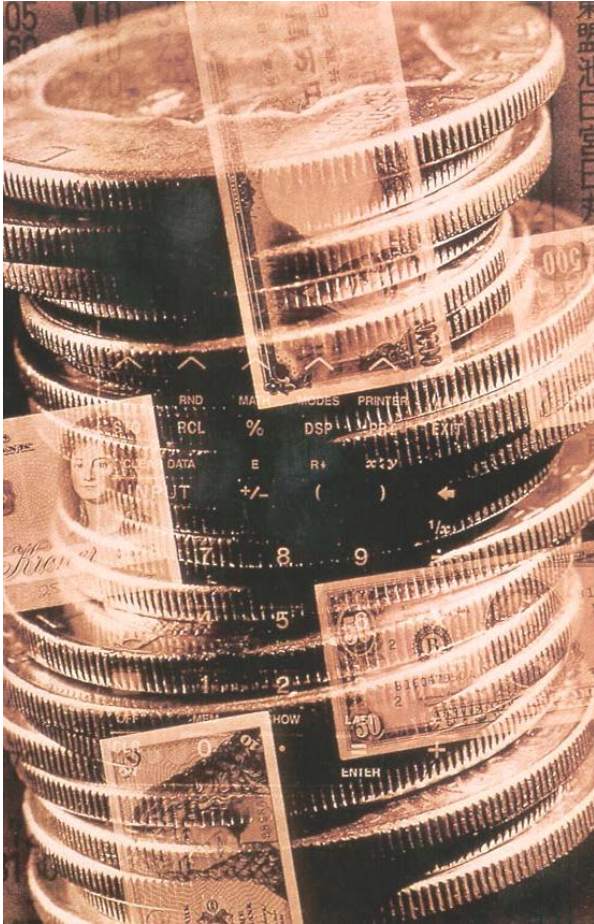
- Always make money
- Be realistic in your R&D plans
  - Time schedule
  - Costs
  - Results
- Find target companies
  - Trial and error
- Focus



# Challenges for an entrepreneur

- Many technical ideas fail
- The market distrust a small actor
- The business plan have to be revised as many times as the product you are developing
- Dependency on the inventor
- Competing technologies emerge
- The market is conservative

# Seed financing



- State money
- Business angels
- Own money (or loans against private security)
- Relatives
- Prices, awards etc
- Very careful cost control

# Venture Capital

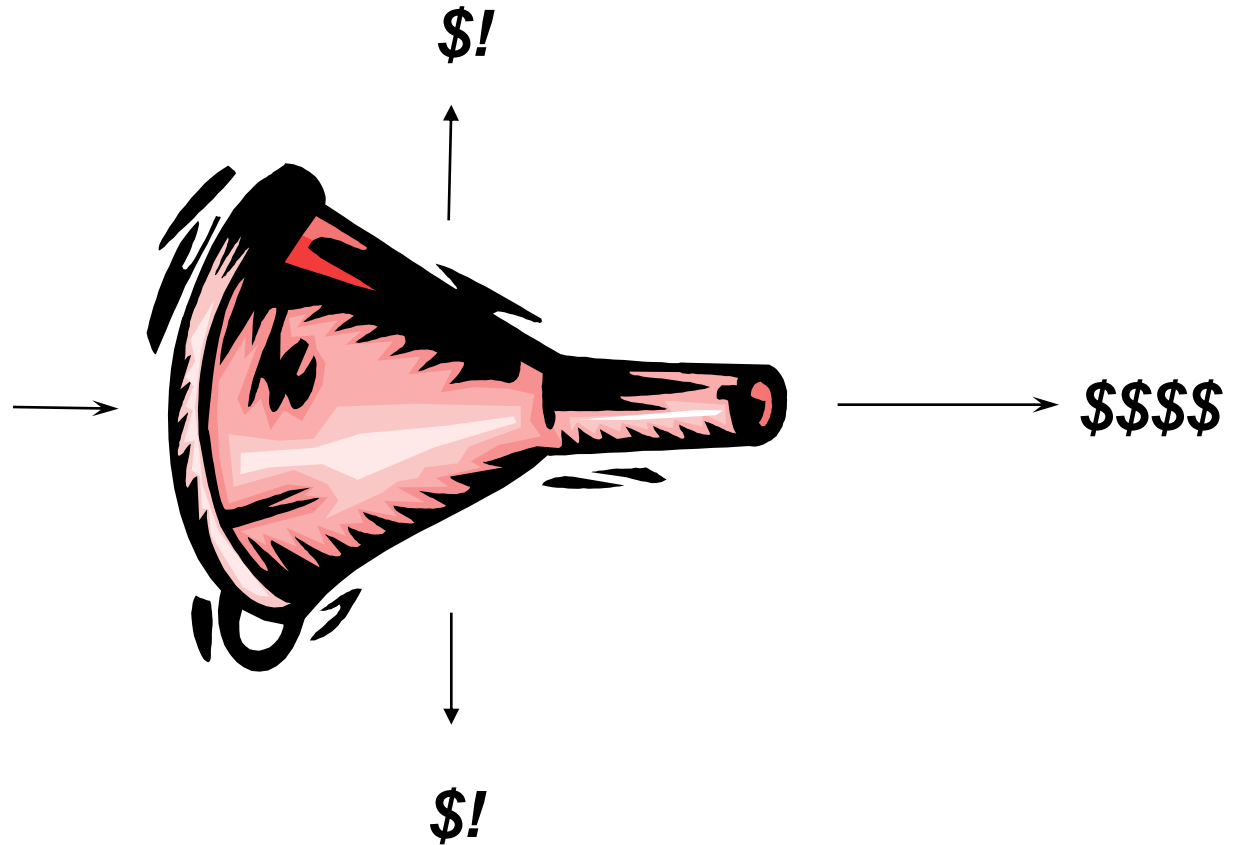
- Professional investors
  - High requirements
  - Tough contracts
  - Can add experience, network etc
  - Fast divestiture, not always long term
- Not always compatible with R&D companies

# Running a cash cow on the side

- R&D and High Tech are difficult and complicated ways to make money
- Find something easier
  - Consulting, R&D assignments
  - Make some simpler products, if you have a production plant
  - Buy a company that makes money

# Classic mistake of small technology companies

*All suspects  
becomes  
prospects*



# Improve your sales process

- High requirements for making a suspect a prospect
- Say "no" to bad deals
- Focus on a faster decisions (may be a no)
- Understand your customer
  - Who is it?
  - How does your product add value to the customer?
  - What is motivating him?

# Do not give up



- If, capital is not running after you, wait
  - Your time may come
- Be prepared to take advice
  - The initial entrepreneur/inventor may not be the best leader of a growing business
- Do not risk your private life for your business