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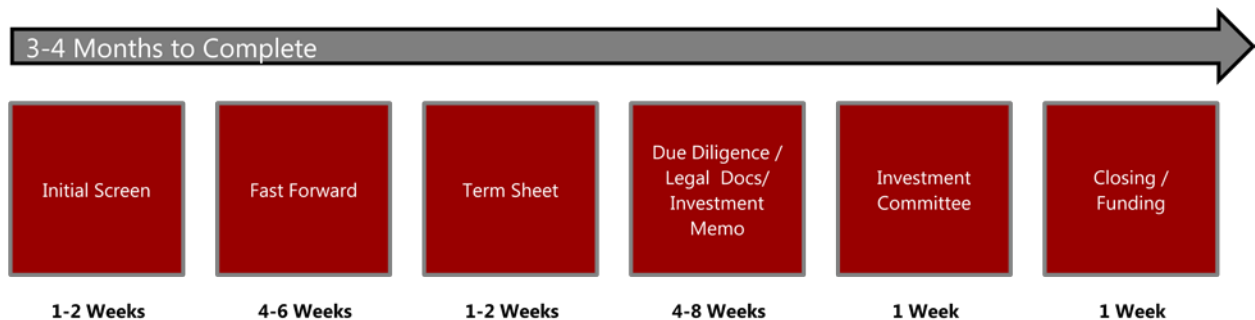
Beringea is the largest venture capital firm in Michigan, with more than 70 portfolio companies in the United States and United Kingdom. Headquartered in Farmington Hills, Mich., the firm has additional offices in London and Shanghai and has more than 20 years of investing experience in a range of sectors, including health care and life sciences, clean technology, advanced manufacturing, media, Internet technologies and specialized consumer products. Among its many initiatives, Beringea is co-manager of the \$185 million InvestMichigan! Growth Capital Fund and the \$130 million InvestMichigan! Mezzanine Fund, which provide funding to high quality companies at different stages of development within Michigan.

For more information, visit www.beringea.com or www.investmichiganfund.com.

Is venture capital right for you? It may be, if your company:

- ✓ Desires fast growth targeting large addressable markets
- ✓ Can relinquish some control and equity to an active outside partner
- ✓ Has an experienced team, or the ability to pull in experienced advisors/angel investors
- ✓ Has a true need for capital– VCs are not a source of refinancing or cash out
- ✓ Has a plausible exit scenario resulting in \$100 million+ in less than five years
- ✓ Could return venture investors 10x their money, and early stage investors even more

Typical VC investment timeline:



The investment decision making process includes an extremely deep level of validation, verification, and due diligence:

- ✓ Internal market analysis, financial modeling, return analysis, analysis of third-party reports, “channel checking,” and preparation of investment materials
- ✓ Commercial/competitive analysis prepared by a third-party expert
- ✓ Intellectual property review and/or opinions performed by IP attorney
- ✓ Legal documentation, review and negotiation

Typical VC/Entrepreneur Partnership:

Entrepreneur Expectations:

- ✓ Capital commitment
- ✓ Strategic advice, industry resources and expertise
- ✓ Supplemental management resources
- ✓ PR cheerleader for company

VC Firm Expectations:

- ✓ Possible board seat
- ✓ Good corporate governance
- ✓ Accountability – a spectrum of expectations
- ✓ Protective investment rights
- ✓ Use of the deal and portfolio company for the firm's marketing and public relations efforts

General “Dos” and “Don'ts” when approaching venture investors:

- ✓ DO contact a few VC firms BEFORE you NEED to fundraise – get feedback in “no pressure” situations
- ✓ DO follow-up, but don't harass
- ✓ DO provide back-up materials quickly and accurately
- ✓ DO respect the process
- ✓ DON'T write a business plan that is more than 50 pages
- ✓ DON'T send mass emails – make some effort at personalization
- ✓ DON'T send materials to someone who won't be interested
- ✓ DON'T bring your entire team to the meeting – 3-4 people max
- ✓ DON'T oversell/over-exaggerate
- ✓ DON'T expect more than 1 hour in the first meeting
- ✓ DON'T say “we have no competitors”
- ✓ DON'T take rejection poorly – you could slam the door on a second chance

Contact

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Additional Michigan-based Resources for Entrepreneurs:

Ann Arbor Angels (www.annarborangels.org), a membership organization of angel investors that invest in early-stage technology companies in the greater Ann Arbor area

Blue Water Angels (www.bluewaterangels.com), a network of more than 30 high-net-worth individuals and select organizations interested in investing capital in promising companies in Mid-Michigan

First Angels (www.southwestmichiganfirst.com/First_Angels), an angel network formed to make financial and intellectual capital available for early stage and growing entrepreneurial companies in West Michigan, primarily the Kalamazoo Region

Grand Angels (www.grandangels.org), committed to utilizing its financial, intellectual and networking capital to foster the success of growing companies and to enhance the economic development of West Michigan, primarily those in Ottawa, Kent and Muskegon counties.

Great Lakes Angels (www.glangels.org), seeking deals that are based in the Midwest only (Michigan, Ohio, Indiana, and Ontario (Can.)), and does not invest in lifestyle, family owned, real estate or retail businesses

Great Lakes Entrepreneurs Quest (gleq.org), encouraging and educating entrepreneurs on the creation, start up and early growth stages of high-growth businesses within the state of Michigan.

Michigan State University Institute for Entrepreneurship (www.broad.msu.edu/ie), promoting entrepreneurship in the State of Michigan through research, education, and outreach

Michigan Venture Capital Association (www.michiganvca.org) lists all Michigan venture capital firms, including a search tool separating firms by sector and stage

New Enterprise Forum (www.newenterpriseforum.org), a not-for-profit corporation linking entrepreneurs to management expertise, potential joint venture partners, mentors, business services, capital, and other critical resources

Small Business Technology & Development Corporation (www.misbtdc.org), providing a full range of services and tools for small businesses emerging and growing in Michigan's 83 counties