

Guidance for Presentations to the Minority Angel Investors' Network

Please read carefully before preparing your presentation.

Your 10-minute presentation and 15-minute question and answer session is an opportunity to convince a group of experienced and sophisticated investors that:

- ❑ A sufficiently large market need and demand exists for your product or service to allow your business to reach profitability and positive cash flow.
- ❑ You have a logical and feasible plan for reaching that market.
- ❑ Your management team has the skills to execute your marketing plan.
- ❑ Your margins are sufficiently large to support your marketing plan and you have access to the necessary financial resources for implementation.
- ❑ You have intellectual property protection or other barriers to entry that will protect you from competition.

Note: To be considered for a Ben Franklin Technology Partners' investment, in addition to the above, your business should be located in 5 counties in and around Philadelphia and your firm should be able to generate employment in Pennsylvania.

The above list is not all-inclusive, but it does highlight key issues on which the Minority Angel Investor Network investors' will focus.

As further guidance, we have prepared the following list of suggested slides to use in your presentation. Remember that your presentation is limited to 10 minutes only with 15 minutes for questions and answers. At 1.5 to 2.0 minutes per slide, your presentation should average between 5 to 7 slides. Please note that we have used the same hypothetical example throughout the sample slides. We've tried to make this example as realistic as possible, however it may not represent the actual market.

Finally, we *strongly encourage* you to practice your presentation several times in advance with a third party recording the time spent on each slide and the overall presentation length. This will help you refine the presentation and spend the most time on the most critical points.

Please call us with any questions you may have as you prepare your presentation.

Good luck!

Slide #1 Business/Technology

- ❑ Briefly describe the product or service being developed.
- ❑ Explain its value proposition (e.g. what benefit it provides to customers – be specific in terms of cost savings, increased effectiveness, etc.)

Example:

- ❑ New medical equipment sterilization device that incorporates a variety of existing methodologies in a novel sequence
- ❑ Product Benefits
 - Reduced cycle time with equal effectiveness
 - More rugged design and longer life
 - Lower cost than competing products

Slide #2 The Market

- ❑ Very briefly describe the overall relevant market, and define the segment of this market that your product or service targets.
- ❑ Quantify size and growth characteristics of your target market (in both unit sales and dollars.)
- ❑ Describe other general characteristics of the target market, including types of customers (sophistication, size, location), market maturity (new evolving, well-established market, etc.), degree of concentration (e.g. market share of four largest competitors and number of competitors capturing the remaining market.)

NOTE: Cite independent sources whenever possible.

Example:

- ❑ Initial target market - veterinary market
- ❑ Current market size
 - \$115 million annually growing at 3% per year
 - 46,000 units, average price of \$2,500, range from \$1,000 to \$7,500
 - Lower end (\$1,000 to \$2,500) growing at 5-6% annually
- ❑ Customers
 - Veterinary practices with annual revenues of less than \$1 million
 - Individual veterinarians
 - Initially targeting customers in the middle Atlantic, 43% of overall market
- ❑ Other Market Characteristics
 - Market is well established and mature
 - Existing products designs are 20+ years old
 - Four largest competitors hold 65% of the market
 - Remaining 35% is divided among 10 firms, none of which have more than \$4 million in annual sales

Slide #3 Competitors

- ❑ Describe key direct and indirect competitors, outlining both strengths and weaknesses
- ❑ Describe your company's sustainable competitive advantage or barrier(s) to entry.

Example:

| Company Name | Product(s) | Revenues | Strengths | Weaknesses |
|---------------|---------------|------------------------------------|--|------------------------------------|
| ABC Equipment | VT1700 Series | \$15 million* *vet product only | Distribution network and financial resources | Aging technology and high overhead |
| AHE Systems | SteriSteam | \$3.8 million | Unique product features | Low product reliability |
| Etc. | | | | |

- ❑ Sustainable competitive advantages
 - Low manufacturing costs
 - Patented technology
 - Other patent opportunities pending
 - Pending exclusive 3-year agreement with leading vet products distributor

NOTE: Without patents, the product durability and reduced cycle time features described in slide #1 are not *sustainable* advantages.

Slide #4 Sales and Distribution

- ❑ Describe planned marketing strategy (e.g. direct mail, telemarketing, product seminars, trade shows, trade magazines, etc.)
- ❑ Describe sales and distribution channels you currently use or propose to use (e.g. direct sales, catalogues, manufacturers representatives, value-added resellers, distributors, etc.)

Example:

- ❑ Marketing Strategy
 - Veterinary product trade shows
 - Advertising in major veterinary trade magazines
 - Direct mail
- ❑ Sales and Distribution Channels
 - Catalogues, Vet Helper, Veterinarian Surgical Products
 - Regional distributors, in negotiations with leading vet products distributor for Pennsylvania and New Jersey

Slide #5 Management and Advisors

- ❑ Describe team members, titles, experience, and qualifications.
- ❑ Describe Board of Directors or Advisory Board roles and relevant experience.
- ❑ Identify key professional service providers.

Example:

- Management Team
 - J. Smith, CEO – 20 years experience in veterinary products marketing and sales. Introduced products and increased sales and market share
 - D. Jones, CTO – 7 years engineering and product development experience.

- Board of Advisors
 - K. Talley – former CEO of national medical products distributor
 - H. Munoz – professor of mechanical engineering at State University
 - J. Ying – practicing veterinarian

- Key Professional Service Providers
 - B. Goldenberg – accounting
 - L. Gordon – intellectual property

Slide #6 Financials

- Total amount of funding needed to bring product or service to the market.
- Actual or potential sources of these funds.
- Actual financial results and projections.

| | 1997 Actual | 1998 Actual | 1999 | 2000 | 2001 |
|------------------|----------------|----------------|------|------|------|
| Revenue | | | | | |
| Market Share (%) | | | | | |
| Number of Units | | | | | |
| Cost of Sales | | | | | |
| Gross Margin (%) | | | | | |
| EBIT | | | | | |

Slide #7 Exit Strategy

- Describe in detail the likely exit strategy or the preferred exit strategy. Be as specific as you can be and provide a justifiable likely value for which the firm will exit. Think in terms of return to the investors.