

THE
TECHNOLOGY
PARTNERSHIP



Greater Austin Chamber of Commerce

Regional Collaboration
Technology Innovation
Global Competitiveness
Economic Vitality



Texas Emerging Technology Fund



ETF Overview

- Created in 2005 by the 79th Texas Legislature
- Purpose:
 - Expedite innovation and commercialization of research
 - Attract, create, or expand private sector entities that will promote a substantial increase in high quality jobs.
 - Increase higher education applied research capabilities



ETF Awards

- Commercialization Awards
 - Requests typically \$1.0M - \$2.5M
 - Pre-seed: \$1M distributed in 4 \$250k tranches
- Research Matching Awards
 - Matches non-state grants to non-profits in consortia
- Research Superiority Awards
 - Used to attract world-class researchers to Texas universities



Commercialization Awards

- Required Criteria:
 - Must be commercializing an emerging technology
 - Must collaborate with a Texas institution of higher education
 - Must have a defined project scope, commercialization path, & business plan
 - Must have demonstrable economic impact to Texas
 - Must commit to raise additional funds
 - May result in scientific, medical, or clean energy breakthrough



Commercialization

- End goal of project must be commercialization, not just research and development
- The product must be a disruptive “emerging technology”, not an incremental improvement over existing technology



Technology Categories

- Aerospace
- Biotechnology, medicine, & life sciences
- Information & Computer Software Technology
- Defense
- Clean Energy
- Nanotechnology
- Micro-electro mechanical systems
- Petroleum refining & chemical processes
- Semiconductors
- Other pursuits as determined by state leadership



Collaboration

- Must collaborate with an institution of higher education, public or private, within Texas.
- Categories:
 - Strongest: university spinout or licensed university technology
 - Acceptable: An executed agreement with an university for additional work (due at application)
 - Sponsored research agreement, contracts for services, etc.
 - Unacceptable: Planned or unexecuted agreement for additional work



Business Plan

- Must have a defined project scope, commercialization path, & business plan
 - Business plan must be submitted with the application
- Pre-seed applicants
 - May have an incomplete business plan/strategy and/or management team
 - Outline your needs and strategy for use of funds



Follow-On Funding Requirements

Award

Funding Requirements

\$1,000,000

- Company must close a Qualified Financing Transaction of \$500,000 or greater before the exercisable date in their contract.

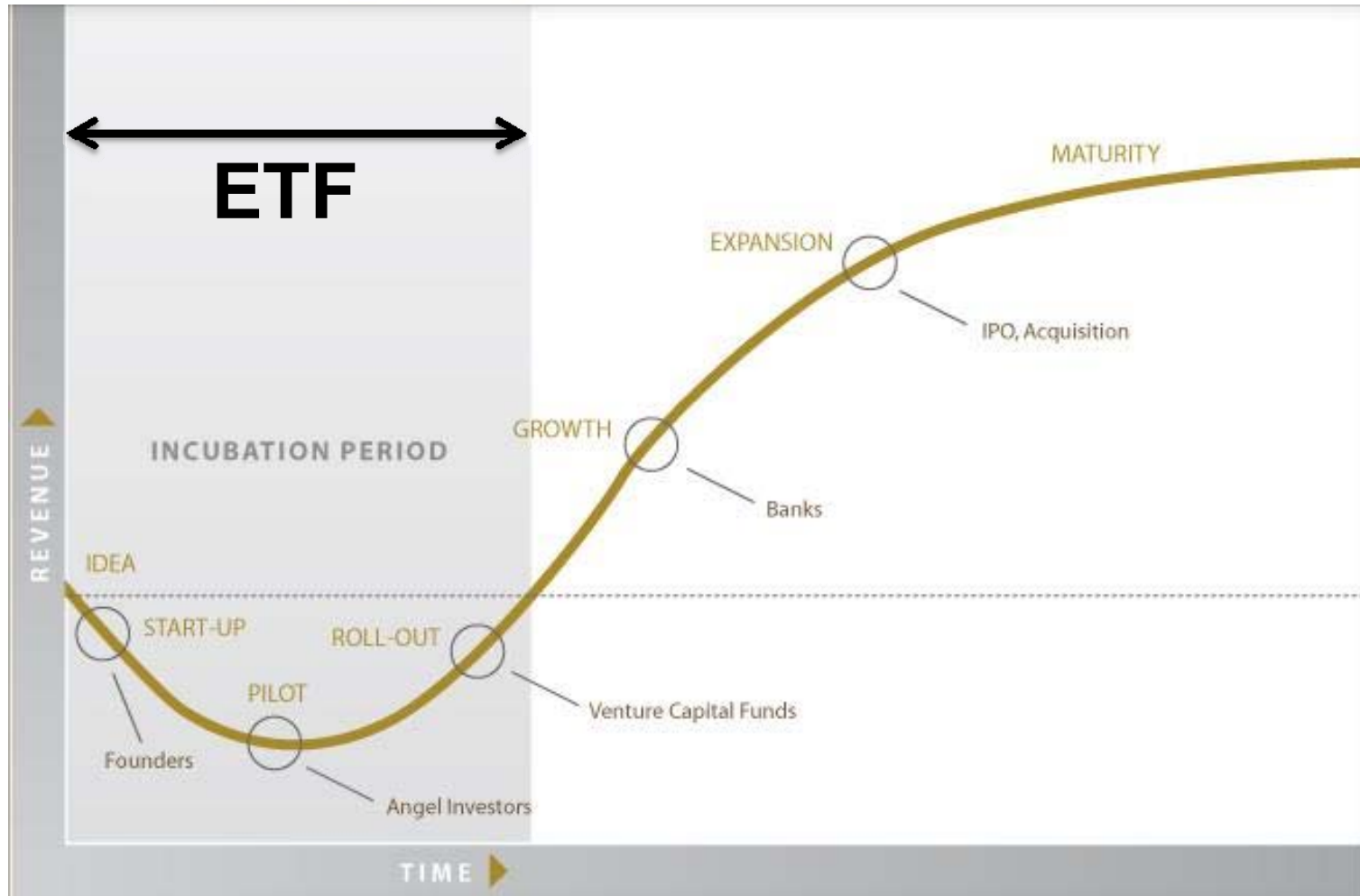
\$1,000,001-
\$2,000,000

- Company must close a Qualified Financing Transaction of \$1,000,000 or greater before the exercisable date in their contract.

\$2,000,001+

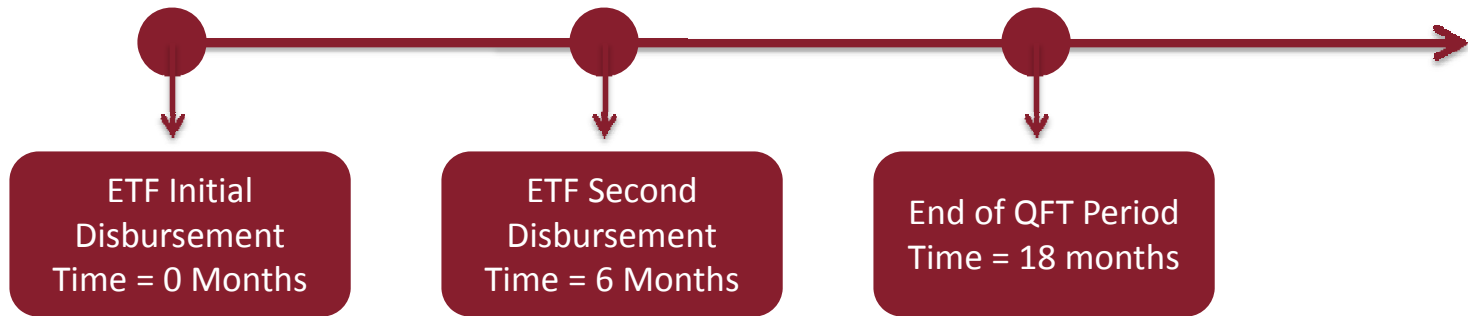
- Company must close a Qualified Financing Transaction of \$2,000,000 or greater before the exercisable date in their contract.

Eligible Applicants



Funding Structure

20% Premium	Same Price		20% Discount		Revert to Placeholder Valuation
Prior Financing Period	3 Months Prior	3 Months	3 Months	12 Months	Post ETF Financing Period



Qualified Financing Transaction

- Investment must be a “new, outside (market based)” financing transaction
- QFT cannot be a debt transaction
- In no prior round of financing is applicable, the default valuation is established at \$1,000,000



Applying

- Visit the CenTex RCIC website
 - www.austinchamber.com/do-business/start-a-business/emerging-tech-fund.php
- Document Downloads Section:
 - Application forms, guide to application, this presentation
 - Summary of deal terms, sample investment unit agreement, sample award and security agreement, 10-step due diligence, pre-seed deal information
- CenTex RCIC Staff
 - Susan Davenport, Program Manager
 - Tiffany Daniels, Life Sciences
 - Mike Kamerlander, Clean Tech & Advanced Tech



Applying

- All applications due by 5 pm on round due date
 - Application, business plan, management team resumes, financial statements, collaboration agreement
- \$250 application fee
- Email application and materials to:
 - applications@austinchamber.com



Process Overview

- CenTex RCIC source and pre-screen all Commercialization applications
 - Deals must meet all aforementioned criteria in order to apply
- Local Selection Team
 - Applicants will present a 5-minute “quick pitch” on a day selected by the RCIC to the local selection team
 - If the local selection team reports favorably, the applicant will give a 20-minute pitch on a subsequent day, to be determined by the RCIC



Process Overview

- Applicants that are favorably reported from the local selection team are review by the local advisory board.
- If favorably reported by the advisory board, the applicant presents to the Statewide Advisory Committee in Austin
 - All application materials are submitted to the Office of the Governor
 - Applicant will give a 20-minute pitch to a sub-committee of the statewide advisory committee



Process Overview

- If Statewide Advisory Committee reports favorably the award candidate company enters into the 10 step due diligence process with the Office of the Governor.
 - Due diligence process on CenTex RCIC website
- Once candidate is past due diligence, the Governor, Lt. Governor, and Speaker must unanimously approve the deal within 90 days of receipt.
- If approved, the company enters contracting and received funding.



Due Diligence Process

Ten-Step Due Diligence Process

Step	Description	Common Issues
	ETF Application Review	Inconsistencies, Inaccuracies, Omissions, Updates
1.	One Page Project Summary	
2.	Advisory Committee Assessment	
3.	Technology & Industry Analysis	Competition, Realistic Assessment, Detailed Technology Analysis
4.	Management & Business Assessment	Tax Forfeitures, Omissions, Business Relationships
5.	Background, Credit, & SEC Checks	For all officers and investors with > 10% stake in company
6.	Intellectual Property Assessment	IP Analysis, Patent Omissions, Ownership/Rights
7.	Capitalization Structure	FD Ownership, Valuation, Qualified Financing, Option Pools
8.	Ownership Terms	
9.	Financial Analysis	Accrued liabilities, debt agreements, financial statements
10.	Milestone Analysis	Realistic milestones (ST+LT), Collaboration



Process Overview

- Submission
 - Local Selection Level
 - Statewide Advisory
 - Due Diligence: 1-2 months
 - Leadership: up to 3 months
 - Contracting: approx. 1 month
 - Length of time from application to funding:
Approximately 8 months or longer
- } 3.5 months



Applying

- Visit CenTexRCIC.org
- Email final materials to:
 - application@austinchamber.com
- Phone: (512) 322-5657