

ETF Presentation Guide

GENERAL

This presentation is the most critical part of the application process and what most reviewers use as the predominate decision making tool. Therefore, you are highly encouraged to invest time to complete it as best as you can. If it is not compiled accurately and concisely, and/or if it is delivered poorly, you will significantly decrease your chances of being approved for funding.

The presentation you will give at the local level (and possibly to the Texas Life Science Center) will differ from the presentation you will give to the Texas Emerging Technology Advisory Committee (“TETAC”), should you pass local review (refer to the process map in your Pre-application). The difference is in the order of slides and which slides you actually speak to versus slides that are only printed and handed out. The reason for this is that the local reviewers are not interested in all the same slides as the TETAC, so by not addressing certain slides in the actual presentation, you are given more time to focus on what is important at the local level. However, you are still required to complete every slide for the local meeting.

IMPORTANT FACTS & SUGGESTIONS

1. **You will have only 20 minutes to present and you will be stopped exactly at 20 minutes if you have finished on time.** You are not required to use all 20 minutes. Therefore, do not feel compelled to fill up your time if you can succinctly yet comprehensively present your business in 20 minutes.
2. Reviewers are not allowed to ask questions during your presentation, so you will not be interrupted. If this inadvertently happens, you will be given more time. However, if the presenter does not speak clearly and a reviewer needs to ask that he or she repeat what was said, then you will not be given more time. Therefore, make sure the presenter(s) has a firm grasp of the English language.
3. The CEO/entrepreneur is encouraged to give the presentation, but you are welcome to have more than one person present. For example, the CEO can present the business aspect of the presentation and the CTO can present the technical aspects. Using more than one presenter is completely at your discretion, and the choice to do this in-and-of itself neither helps nor hinders your presentation.
4. Do not change the order, titles or nature of each slide. Other than the free form section (slide #3), do not input slides. You are encouraged to make the presentation more personal, such as a new background or a company logo on the Master Slide.
5. The suggest time at the bottom of each slide is a target time to follow. While it is not mandatory you follow these exactly, it is highly suggested you keep up with this pace.
6. **The use of graphics is highly encouraged.** More advanced techniques such as a Flash demo or an embedded video are allowed, provided the presenter is technically savvy and their use will not break the seamless flow of the presentation.
7. As a rule of thumb, **less information communicated slowly and succinctly is preferable to overloading the presentation with information communicated quickly. Also, follow the idea that you should be able to explain your company in a way that a “1st grader can understand it” as well as technically advanced reviewers**
8. **You are highly encouraged to familiarize yourself basic presentation skills and practice your presentation multiple times in advance.** Many good ETF applicants have not received funding because they failed to learn and use basic presentation skills.
9. When the presentation is complete, remove all footnotes and footers associated with the template.

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Slide 1

1. **Company Name:** This item shall disclose:
 - a. The actual name of the company or presenting entity.
 - b. If the presenting entity is a division of another company or entity put the name of the parent company or entity here.
2. **The Presenter:** This item will disclose only the name of the presenter(s) and their relationship with the company.
3. **Date of Presentation:** This item will disclose the date your are scheduled to make your actual presentation.

Slide 2

1. **Type of Company:** This item shall disclose:
 - a. The type of Corporate Structure that has been chosen by the presenting entity.
 - b. This could be a C-Corporation, S-Corporation, Partnership or any other type of entity that has been chosen by the company.
 - c. If the proposing entity is a subdivision of an existing business or other company then list the corporate structure of the parent.
2. **Date of Formation:** This item will disclose the date on which the proposing entity was incorporated or registered with the appropriate state agency.
3. **State of Formation:** This item will disclose:
 - a. The state in which the proposing entity was incorporated or registered.
 - b. If the proposing entity is a subdivision of an existing business or other company then list the state in which the parent is registered.

Slide 3

Although this is only one numbered slide in the presentation template, it is your free form section to communicate whatever you feel is important. Therefore, you are allowed and, in fact, required to insert more slides into the presentation here. All inserted slides should be numbered 3A, 3B, 3C... etc. However, do not be tempted to communicate too much information so that you will not go over the suggested 12 minutes. Therefore, you are encouraged, but not required, use the following methodology.

- 3A Provide a description of your company and technology. The use of graphics is highly encouraged here. Use more than one slide if necessary.
- 3B Present a graphical representation of your business model showing the flow of products and services and the flow of funds from end user to you. Both this slide and the previous slide are ideal places to follow the “1st grader” principal.
- 3C Explain your technology/products’ value proposition, i.e. what problem are you solving?
- 3D Show a summary of your sales and marketing strategy.
- 3E Quantify the Total Available Market and the Served Available Market in dollars.
- 3F Describe the competition (hint: “We have no competition” is the wrong answer).
- 3G Show the exit strategy and opportunity, use comparable data as best as you can.

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Slide 4

Show the current structure of the management team if you have a team completely in place. You are welcome to add positions beyond what is listed, but keep to CXO and S/EVP level people.

If a person is holds an interim position or will move aside in the future after funding, denote that with an asterisk and a footnote at the bottom.

Do not include the names of consultants, collaborators, advisors, mentors, experts, specialist or professors unless they are or will soon become full-time employees.

If you are a seed of early stage company and do not have a full team, then show what the team will look like after receiving an ETF award, but only show positions that you will use ETF funds to hire. Do not worry about not having a full team, the reviewers know it is common for a seed stage company to be in this situation.

Slide 5

This slide should include information on the team members that were listed in slide 4. List the most significant and germane highlights of each person's background as it applies to your company. Try to limit it to four per person. and use your oral presentation to enhance relevant characteristics. Do not create a laundry list of activities for each individual.

Slide 6

The categories under the title "Use of Proceeds" have been carefully chosen, however, they can be changed to more accurately reflect the needs of the company. Please include the first five categories and any others that you believe are relevant.

If you have an active funding round open and the ETF will fulfill part of that round, then show the use of proceeds for the total round in one column and just the ETF funds in a 2nd column. Make sure the ETF only column total equals your funding request.

Although ETF funding is not as restrictive as other forms of government funding, try to avoid allocating a lot of money to Working Capital, or at least describe what the working capital funds will be used for. Also try to avoid overloading Salaries. For example, if you are hiring a Sales and Marketing VP at a cost of \$100,000, make \$100,000 a "Sales and Marketing" line item.

Slide 7

Show a summary of your cap table on a fully diluted basis. You can use any format you wish, so long as it is easy to understand. What is presented in the template is just a guide, but follow it if you can. You must show the ownership position of each of the founders/management team individually.

Slide 8

This slide is self explanatory so follow the template example. However, make sure you overtly show that the patents are either owned/assigned to the company. If they are not, then you should insert a footnote that either they will be assigned to company on or before funding, or less desirably a license will be issued.

You can also insert a footnote if the company has certain know-how or trade secrets, but do not describe them in a detailed way as to give up what they are.

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Slide 9

Include only Texas-based university collaboration. The section entitled “Nature of the Relationship” is the most important aspect of this slide, but keep in mind that your collaboration must be “written with a scope of work and/or deliverables” by the time you reach due diligence. The presenter can make more expansive remarks during the oral presentation.

Slide 10

Follow this format verbatim to complete this slide. Do not cut-and-paste your own financial model. The only change you can make is to present your P&L on a fiscal year basis. Instead of presenting on a calendar year basis starting with 2006, it is recommended that you show actual results for your last fiscal year and then a pro forma for the next 4 years. Sum up years 5, 6 and 7 in the final column where “2011 – 2013” is currently shown in the template. If you do not have any historical financials, then give a pro forma for 5 years and sum up year 6, 7 and 8 in the last column.

Slide 11

This slide is self explanatory so follow the template example. Show the employment by year exactly as shown in the P&L on the previous slide so these time periods match. Show employees on a full time equivalent basis. For example, if you plan to hire 10 full time and 3 part time employees, your headcount is 11.5.

Note: the most important numbers on this slide are “Total Headcount” and “Ave. Salary per Employee”.

Slide 12

This slide is free for you to summarize your presentation on one slide as best as you see fit. There are two suggested paths. It is at your discretion which path to choose.

1. You can do a traditional summary on why the ETF should invest in your company. Even though the ETF is a state government investment program, the reviewers treat each deal as though they would be investing their own money. Therefore, you should focus your summary on how this deal will be a success in terms of ROI and job/wealth creation.
2. You can forego a traditional summary and highlight the strategic plan for the company’s growth. A few bullet points on the necessary milestones and objectives should suffice

At this point your presentation to the local review team is finished. However, the following slides are required should you go forward to the TETAC. Therefore, you are required to complete them for the local presentation and include them in the printouts that you will hand out during your presentation to the review team. If you are recommended to go forward, the notes below will tell you where you need to insert these for the TETAC presentation.

Keep in mind that you will still have 20 minutes to give your presentation to the TETAC, so you will have to make time to discuss the following slides.

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Slide 13:

(If forwarded to present to the TETAC, this slide should be inserted between the “Amount Requested and Use of Proceeds” and “Ownership Table” slides, making it slide 7. Keep as slide 13 for your presentation to the local review team.)

1. **Dilution Table:** This slide shall disclose:
 - a. Number of shares authorized for ALL classes of equity by the company’s Articles of Incorporation or other entities the relevant formation documents and
 - b. The number of shares that have actually been issued to individuals or other persons (including other entities) as of the date of the presentation.

2. **Common Shares:** This item shall disclose:
 - a. The Total Number of Common Shares that have been **Authorized** by the Articles of Incorporation of the company or other formation documents AND
 - b. The Common Shares that have actually been **issued** to individuals or other persons or entities.

3. **Preferred Shares:** This item shall disclose:
 - a. The Total Number of Preferred Shares that have been **Authorized** by the Articles of Incorporation of the company or other formation documents AND
 - b. The Preferred Shares that have actually been **issued** to individuals or other persons or entities.

Note: If Preferred Shares have been authorized please provide a back-up slide (7A) that briefly describes the relevant terms of the Preferred Shares. Be sure to highlight if they are convertible or exchangeable into common stock and on what terms they are convertible or exchangeable. Be sure and list all other salient features of the preference so as to fully disclose its financial impact, or possible future impact, on the company or its capital structure.

4. **Stock Options:** This Bullet shall disclose:
 - a. The Total Number of Stock Options that have been **Authorized** by the Articles of Incorporation of the company or other formation documents AND
 - b. All those Stock Options that have actually been **issued** to individuals or other entities.

Note: If you have issued stock options to individuals or other persons (including entities) please provide a back up slide (7B) that describes the salient terms of the options (5 year etc) so as to fully disclose its financial impact, or possible future impact, on the company or its capital structure.

5. **Warrant to Purchase Equity:** This item shall disclose:
 - a. The number of all outstanding Warrants to purchase any other security of the corporation.

Note: If a Warrant to purchase an equity interest in the company or entity has been issued, please provide a back-up slide (7C) that briefly describes the significant terms of each and every type of Warrant that has been issued. If any warrant is convertible or exchangeable into common stock or any other equity of the company or entity make sure to include the detail that describes the terms of how, when and under what conditions the warrant is to be converted into common stock or any other equity of the corporation or entity. This disclosure shall be sufficient to fully disclose the impact, or possible future impact, on the capital structure of the company.

6. **Other Securities:** This item shall disclose:

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- a. The number of any and all other **outstanding** Securities of what ever type that have been issued by the corporation.

Note: If Other Securities have been issued, you shall provide a back-up slide (7D) that briefly describes the significant terms of the Other Securities. In addition, if the Other Securities are convertible or exchangeable into common stock or any other security of the company, provide the detail that describes the terms of how, when and under what conditions the Other Securities are to be converted into common stock or any other equity of the corporation or entity. This disclosure shall be sufficient to fully disclose the impact, or possible future impact, on the capital structure of the company.

7. **Promised or Committed Securities:** This item shall disclose:
 - a. Any and all securities of any other type that have been, or in the near future is contemplated to be, promised or committed to any individual or other persons (including entities) for any purpose and for any amounts regardless of how the security was or is to paid for.

Note: If there are promised or committed securities of any type other than those mentioned above and the management expects that there is a likelihood they will be issued, please provide a back-up slide (7E) that briefly describes the significant terms of the contemplated Security. In addition, if the contemplated Securities are convertible or exchangeable into common stock or any other security of the company, provide the detail that describes the terms of how, when and under what conditions the contemplated security is to be converted into common stock or any other equity of the corporation or entity. This disclosure shall be sufficient to fully disclose the impact, or possible future impact, on the capital structure of the company.

8. **Fully Diluted Ownership:** This item shall disclose:
 - a. The TOTAL NUMBER OF COMMON SHARES that would be outstanding if all the equities of the company or entity that could be converted or exchanged into Common Stock of the corporation or entity were, in fact, converted into common shares.

Note: This is intended to capture the fully diluted number of common shares that would be outstanding if all Options, Warrants, Preferred shares or any other convertible or exchangeable equity was, in deed, converted in to the common stock of the company or entity

Slide 14

(If forwarded to present to the TETAC, this slide should be inserted between the “University Collaboration” and “Balance Sheet Summary” slides, making it the slide 12. Keep as slide 14 for your presentation to the local review team.)

1. **Research Grants:** This slide shall disclose:
 - a. The research grants that have been or are anticipated to be awarded to the company or presenting entity
2. **Grants Actually Received:** This table shall disclose
 - a. The Grants that have actually been received by the company or presenting entity.
 - i. Include the Name of the Granting agency
 - ii. The amount of money awarded
 - iii. The date the grant was actually awarded to the company or entity and

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- iv. The purpose of the grant

3. **Grants Anticipated to be Received:** This table shall disclose
- a. The Grants that the company has REASONABLE EXPECTATIONS of being awarded.
 - i. Include the Name of the Granting agency
 - ii. The amount of money awarded
 - iii. The date the company or entity anticipates receiving the grant and
 - iv. The purpose of the grant

Note 1: This slide is intended to capture any and all GRANTS that have been or are anticipated to be received by the company. They include, but are not limited to, ATP, SBIR, STTR, NIH or any other similar granting or funding agency.

Note 2: CAUTION make sure that all grants that have been included on this slide ARE INCLUDED in the Profit and Loss Forecast included on slide 13

Notes to Slide 15

(If forwarded to present to the TETAC, this slide should be inserted between the “Research Grants” and “Profit and Loss from Operations Summary” slides, making it slide 13. Keep as slide 13 for your presentation to the local review team.)

1. **Balance Sheet Summary:** This Slide shall disclose:
- a. The Balance Sheet of the company or proposing entity on the date of the presentation.
 - i. An audited Balance sheet is not required.
 - ii. You need provide only an accurate compilation of the accounts of the company as of the date of the presentation.
 - b. The numbers shall be displayed in thousands to one decimal place i.e. \$3.5.
 - c. If the proposing entity is a division of a larger company please include the balance sheet of the parent.
 - d. It is permissible to use the company’s or entities most recent quarter data as long as there has been no material change in the financial position of the company since the close of the previous quarter.

Note1 : The categories in the balance sheet have been carefully chosen, however, they may be changed if the presenter believes that, if by doing so, a more accurate representation of the enterprise can be displayed. However, DO NOT destroy the general look and feel of the presentation example.

Note 2: Do not include any of the proposed funds from the ETF or any other planned financing on this slide.

Notes to Slide 16

(If forwarded to present to the TETAC, this slide should be inserted between the “Profit and Loss from Operations Summary” and “Headcount and Salary Summary” slides, making it slide 15. Keep as slide 16 for your presentation to the local review team.)

1. **Cash Flow Summary:** This Slide shall disclose:
- a. The forecasted Cash Flow of the Company.

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- b. The amounts in this forecast should represent what the management team believes is a REASONABLE APPROXIMATION of the anticipated cash flow performance of the company.

Note 1: The Cash Flow Summary that is included in this presentation is for EXAMPLE ONLY. The one presented by the company may vary to reflect the needs of the presenting entity. However, EVERY cash flow statement should contain the elements included in notes 2 through 8.

Note 2: BEWARE...This is intended to be a SUMMARY. DO NOT present a cash flow statement that is done in 8 point type and so detailed that you need an MBA to interpret its meaning. This will be a negative for your presentation. Also, DO NOT present one that is so brief that it does not give the committee sufficient granularity to understand the companies cash flow dynamics. This will also be a negative for your presentation.

2. **Cash Flow from Operations:** This row shall disclose:
 - a. The Cash flow from the operations of the business
 - b. It should tie to the Profit and Loss Statement on the previous page
 - c. For these purposes the tax implication has been ignored so use the pretax number for you calculations.
3. **Total Cash Used:** This row shall disclose:
 - a. The sum of the cash line items used by the company each year.
 - b. Be judicious in the number of line items used for this section
 - c. Try and limit the line items to 5 or 6 key items that are driving the cash needs of the company.
 - d. Summarize the remainder in an “others” row.
4. **Total Cash Required or Generated:** This row shall disclose:
 - a. The arithmetic sum of the Cash Flow from Operations minus the Total Cash Used.
5. **Cum Cash Required or Generated:** This row shall disclose:
 - a. The cumulative results of each year’s Total Cash Required or Generated by the company.
6. **Total Financing:** This row shall disclose:
 - a. The Total Amount of financing that has been or will be received by the company
 - b. Include the funding source by name.
 - c. DO NOT put source 1 and source 2 etc.
7. **Cum Financing Required:** This row shall disclose:
 - a. The cumulative results of each year’s Financing activity by the company.
8. **Cash Balance at year End:** This row shall disclose:
 - a. The anticipated cash balance at the end of each year as a result of the financing efforts by the company and its operations.
 - b. This will be the arithmetic sum of the Total Financing (item 6) and the Total Cash Required or Generated (item 4).

Note: The last column is intended to be the arithmetic sum of the three years 2011 through 2013