



Financing Mechanism for Translating Research (Private Sector)

21 September 2017

Translating Research

**Problem
Identification**

\$



**Solution
Formulation**

\$\$



Commercialization

\$\$\$

Starts with a Problem



That leads to a vision

Innovative Technologies for Philippine Schools



Understanding the Problem



**\$eed Money
Family & Friends**



Coming up with a Solution



Data Center

Individualized learning material

Standalone school

R&D Grants



Remote School w/ solar power & long-range Wifi



Long-range Wifi link



Standard Setup XEPTO Digital Classroom

Hardware

- 40 Thin Client Stations
- 3 Servers
- 3 Network Switches
- 1 Power system
- 1 Server Rack



Software

- Learning Management System
- Office Productivity and System Monitoring Tools

Service

- 4 yrs maintenance & Service
- Internet connectivity
- Remote monitoring and update

Training

- Covers computer essentials and system training for teachers



“Testing” the Solution



“Refining” the Solution



Series Funding

ec2-50-16-1-203.compute-1.amazonaws.com/enrol/users.php?id=2&page=0&

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF EDUCATION

Enrolment ID	Name	Email	Action
1	Manager One	manager.one@localhost.localdomain	Enrol
2	student one	student01@deped.gov.ph	Enrol
3	Justin Teacher Rodriguez	teacherjustin@mailinator.com	Enrol
4	Justin-Student Rodriguez	studentjustin@mailinator.com	Enrol
5	Admin User	admin@localhost.localdomain	Enrol



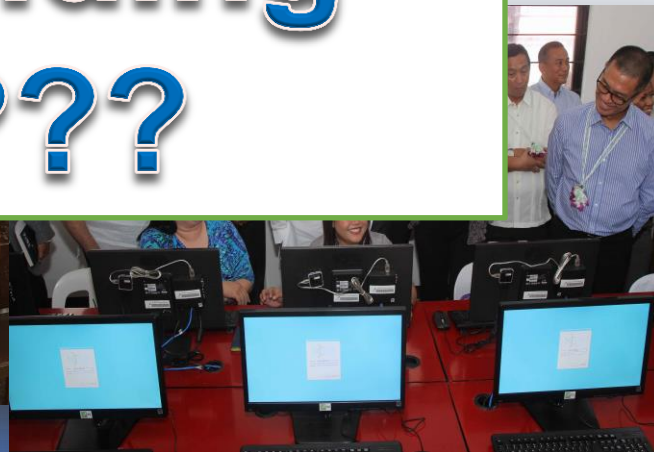
“Promoting” the Solution

Learning Resource
Cloud
Infrastructure



Educators/Schools

Venture Funding ???



Avenues for Funding

Type	Pro	Con
Private Investors	<ul style="list-style-type: none">• Cheap and quick source• Maintain control	<ul style="list-style-type: none">• May not add value• Smaller amounts• May be difficult to find
Venture Capital Financing	<ul style="list-style-type: none">• Larger financial resources• Help with strategy, talent• Access to customers, advisors	<ul style="list-style-type: none">• Will demand control and rights• May require exit within 5 years• May not be as patient
Self Financing & Credit	<ul style="list-style-type: none">• No sharing of control or equity• Full autonomy• Possibly easier lease terms	<ul style="list-style-type: none">• May not be enough• Too much risk for the self• Most likely not successful
Strategic Alliances & Joint Ventures	<ul style="list-style-type: none">• Less costly than VC• Synergistic benefits such as a ready customer, technical & marketing help	<ul style="list-style-type: none">• Agreement on issues• Will require representation & warranties, indemnifications

Dynamics of Venture Funding

- Do you meet the typical VC criteria:
 - Need an investment of \$500K or more
 - Can your business grow quickly to provide 40% annual ROI
 - Liquidity in 3 to 5 years
- Are you ready to give up control in case you stumble?
- Will you pay a premium over friends/family money in return for professional help when needed?



Where to Find Venture Capital

- Introduction through attorneys, bankers, accountants
- Other successful entrepreneurs who used VC money
- Angel investors and organizations
- Directories and online resources



What you need for a VC meeting

- Elevator pitch
- Company management presentation
- Proof of concept – visuals, demos
prototypes, testimonials
- Founding team – at least 2 founders
- Company capital structure and info on
current shareholders

Valuation and Ownership

Stock
Ownership

Valuation

Term Sheet

Cap Table

STOCK
PURCHASE
AGREEMENT





Thank you

Ernie Tarroza
General Manager
Xepto Computing, Inc.

21 September 2017