

Reflections on the startup experience



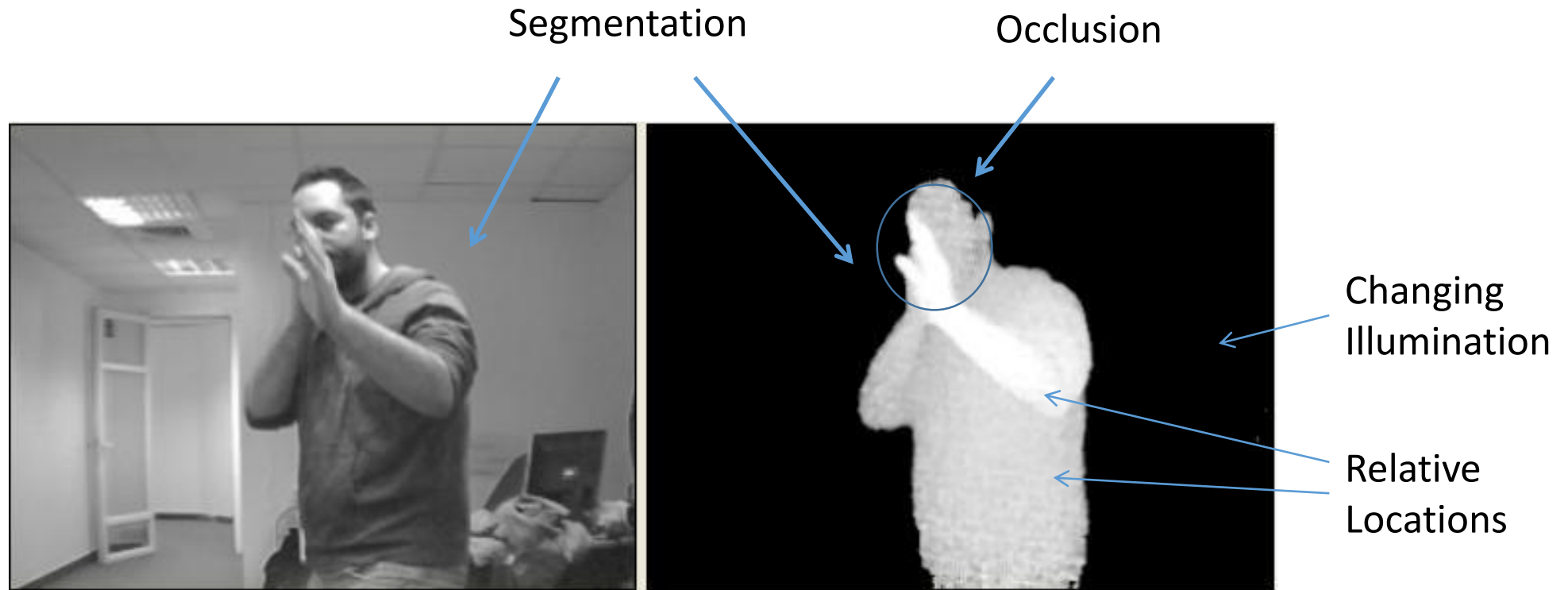
Pre-history: Sony eyetoy



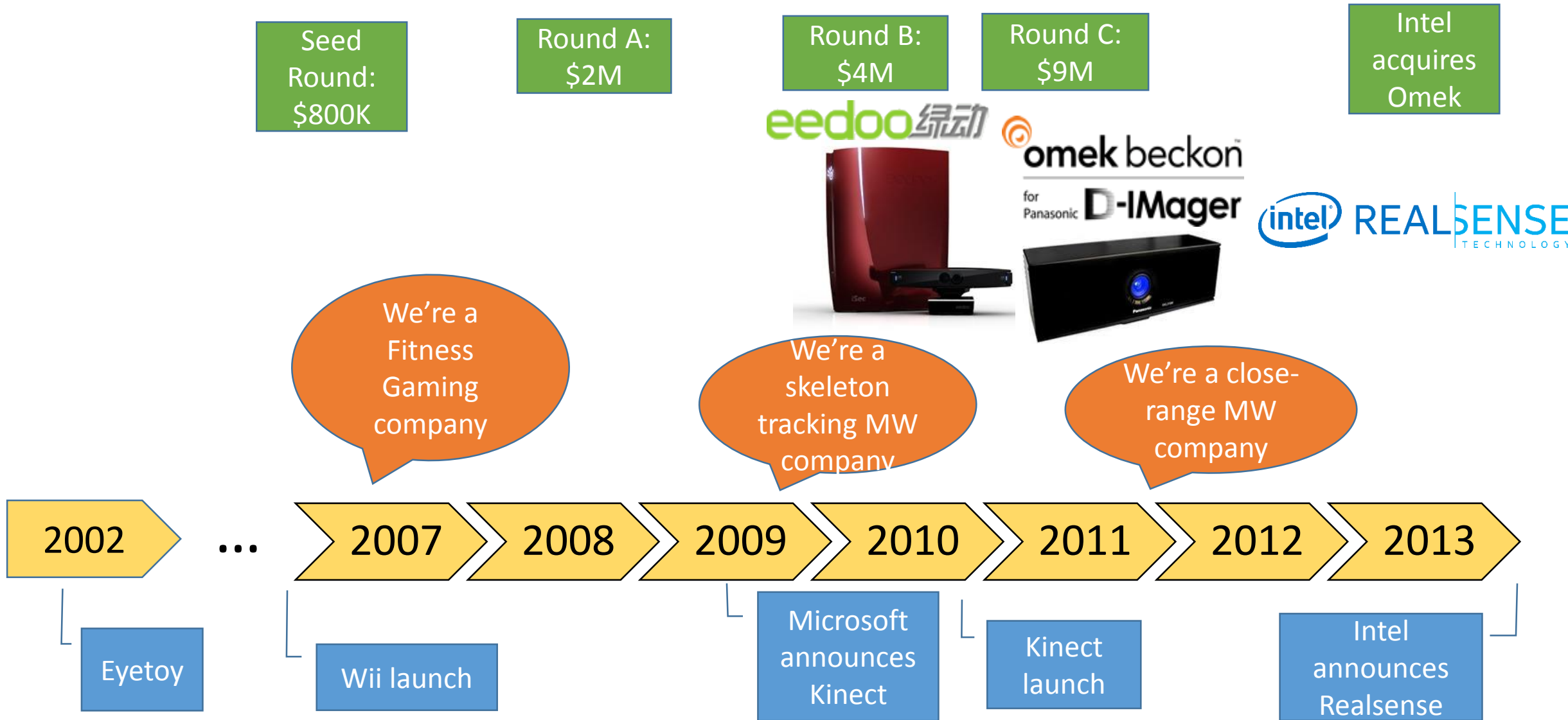
3DVsystems vs. Prime Sense



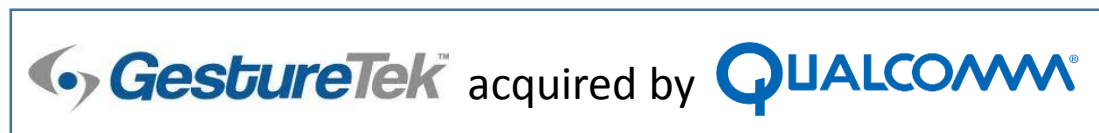
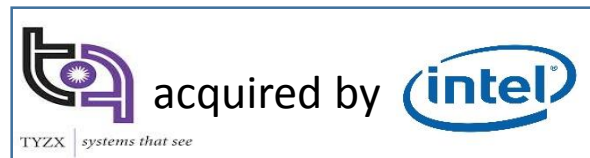
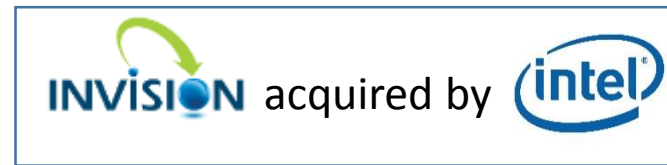
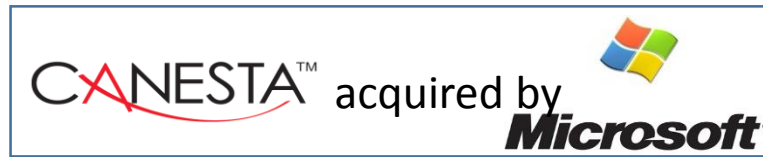
3D Cameras



How did we get here?



The 3D camera space



SoftKinetic™
The Interface is You



mantis vision

Bad Decisions

- Bad Decisions
 - Dependency on a hardware component
 - Underestimating complexity of new technology
- Good Decisions
 - Only software
 - 3D cameras
 - Closing down Beckon product

Why can start-ups be successful?

- Focus
- Ability to take risks
- Founders

What do you need?

- A strong stomach.
 - Most startups never get to Round A.
- A great team.
- An idea.
- Funding.

Funding Sources

- Venture Capital
- Angels
- Strategic Investors
- Office of the Chief Scientist (OCS)

Venture Capital

- The VC model
 - Invest in 10 companies
 - 6-7 will bring no return
 - 2-3 will return 2-3x
 - 1 will have 10x return
- Might be helpful (“smart money”)
- The VC’s portfolio may impact your company

Angels

- Smaller sums of money
- Lighter due diligence process
- Probably not helpful to the business

Strategic Investors

- May limit upside potential
- May be very helpful to the business
- Not relevant for early rounds

Chief Scientist

- The OCS wants to encourage development of IP in Israeli hi-tech.
- Funds a % of R&D budget with a low-interest loan repaid from product's revenues.
- Great source of money **if the acquiring company leaves the IP in Israel.**
 - (This is usually not the case.)

How much money will you need?

- Your investors expects a return on their money.
- Once you take money, you are on the clock.

Capitalization #1

Round	Amt. Raised	Pre-money Valuation	% owned by founders
A	\$500K	\$500K	50%
B	\$1M	\$2M	33%
C	\$10M	\$10M	17%
D	\$5M	\$20M	13%

Capitalization #2

Round	Amt. Raised	Pre-money valuation	% owned by founders
A	\$1M	\$3M	75%
B	\$2M	\$8M	60%
C	\$4.5M	\$12M	44%
D	\$9M	\$16M	28%

Questions you will get when pitching

- Why don't you have any competitors?
- How are you better than your competitors?
- Why do you think it's disruptive?
- What is your exit strategy?
 - IPO
 - Acquisition
 - Profitable private company
- Who are your other investors?

Random Advice (Take it or leave it.)

- Your people are more important than your idea.
- Ideas are a dime a dozen. Show me execution.
- Control your ability to get to market.
- If there is no risk, there is no upside.
- There are windows of opportunity.
- Get out there and be a player.
- Enjoy the highs.



Thank you.