

# Networks for Deal Flow Panel

- Networks for Deal Flow
  - Mario Schkolnick
  - Relationships between University and Industry
    - Gabriel Silberman
    - Example of a Network for Deal Flow
      - Adolfo Nemirovsky
      - An experience from Canada
      - Samir Talhami

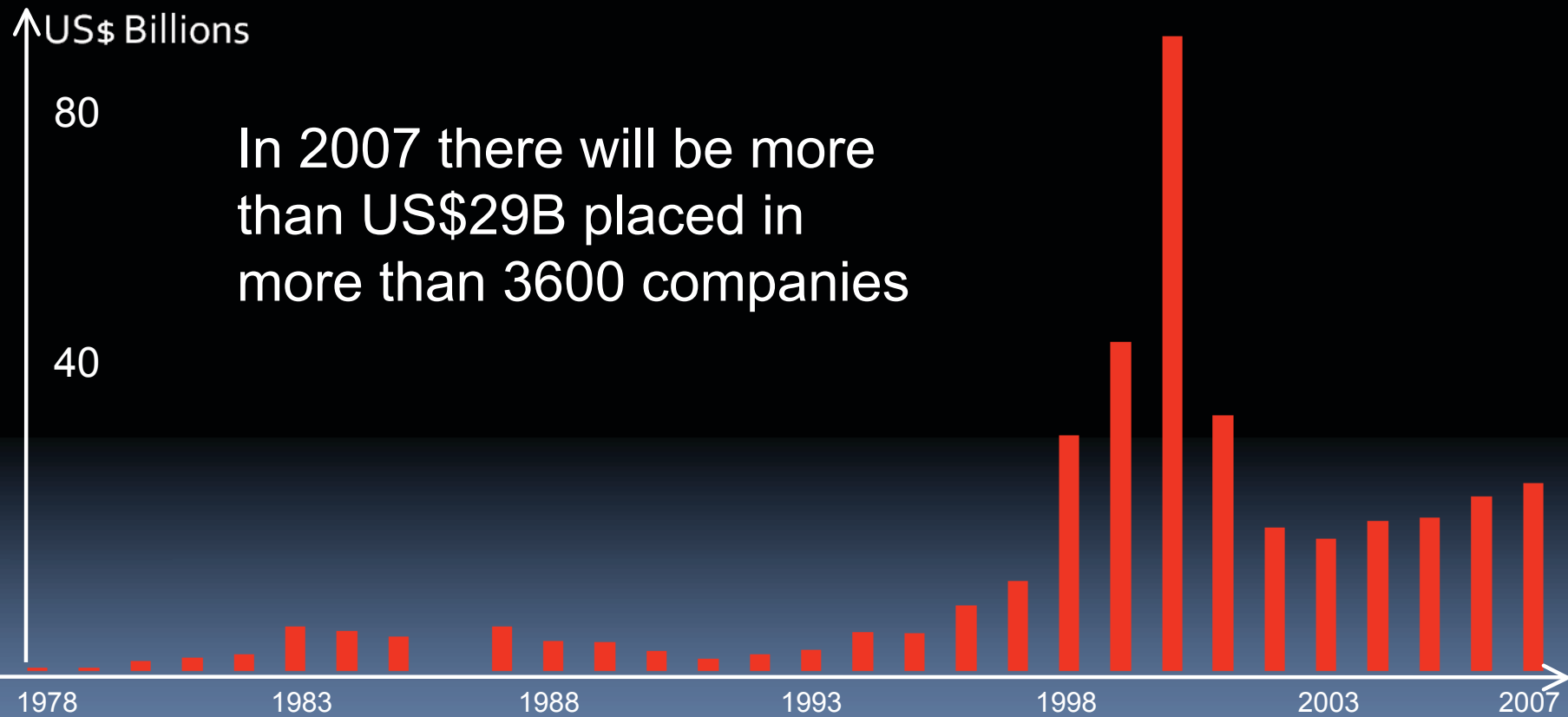
Mario Schkolnick  
Santiago, September 2007

# NETWORKS FOR DEAL FLOW

# Outline

- The Venture Capital Industry
  - VC funding in the US
  - The Venture Capital Cycle
- Deal Flow
  - What is it?
  - Why?
- Networks for Deal Flow
  - Elements
  - Critical Success Factors

# VC Funding in the US



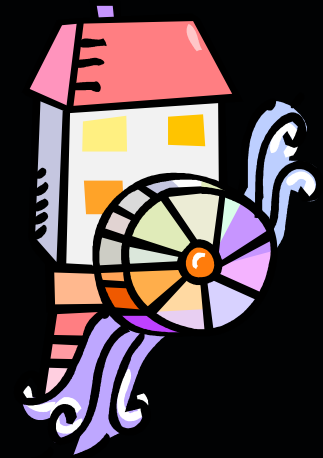
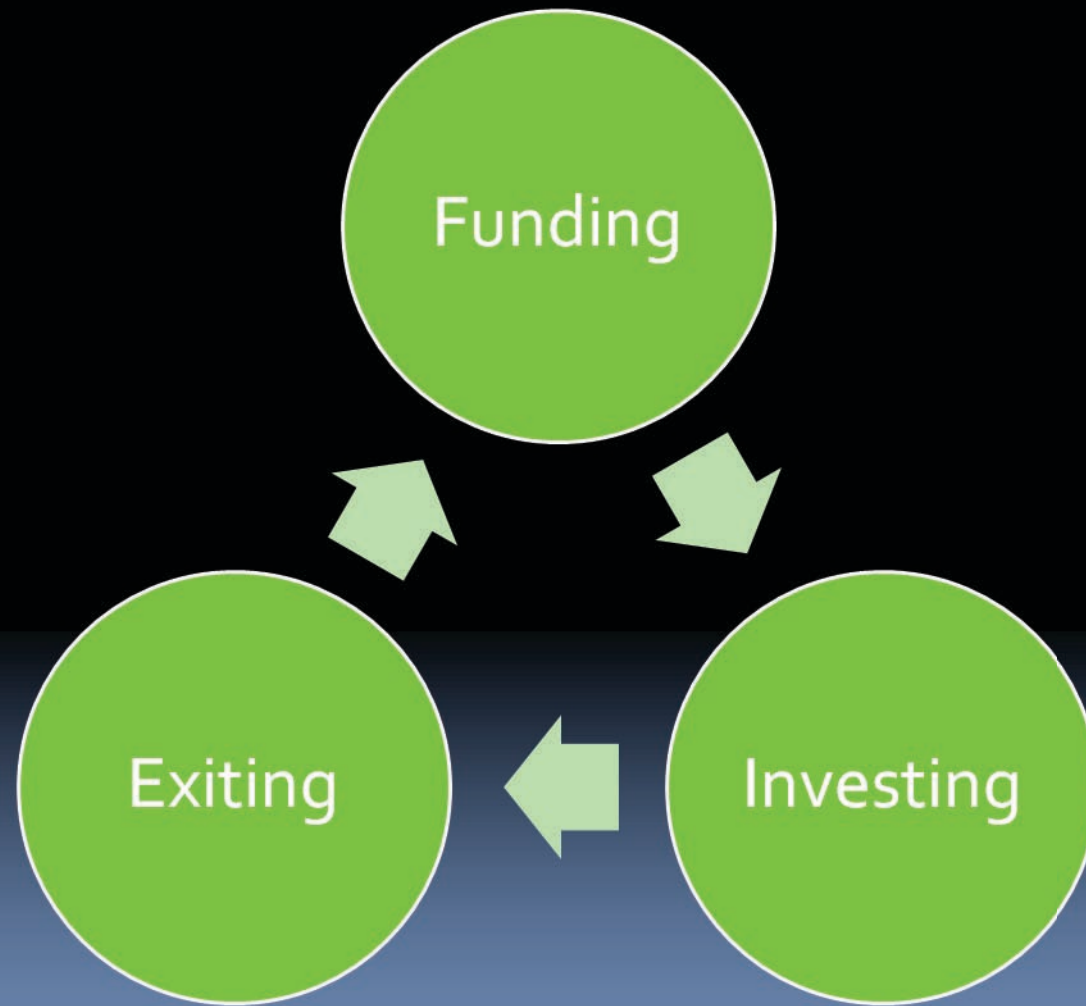
# VC Environment in the US

- Recurring Pattern
  - Government created conditions for the development of the technology infrastructure
  - Universities developed the technology base
  - Private industry developed the technology and products
- Earliest activity centered around WW2 technology
  - Started by Harvard and MIT faculty
  - DEC generated more than 60% of the profits

# Other Examples of interactions among Government, University and Industry

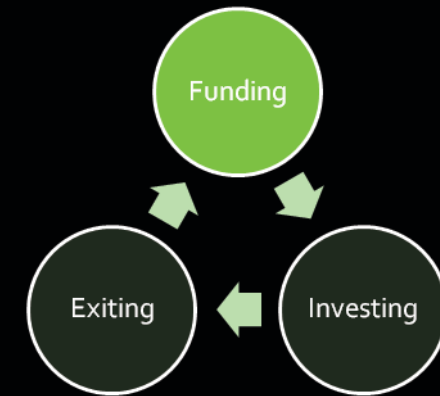
- NASA
  - Man on the Moon program (1961-1969)
- DARPA
  - Internet (1969-1999)
- DOE , NIH
  - Genome Project (1990-2003)

# The VC Cycle

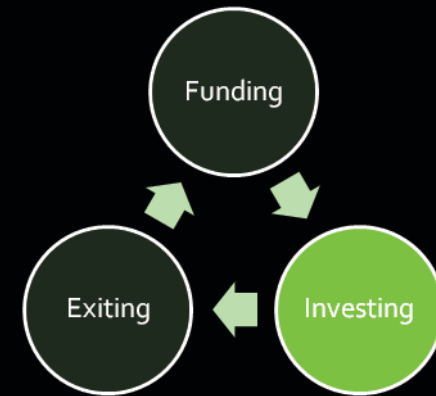


# Funding Sources

- 3F's : Friends, Family, Fools
- Venture Capitalists
  - Angel Investors
  - Early Stages VC's
  - Large VC groups
- Pension Funds
- Hedge Funds



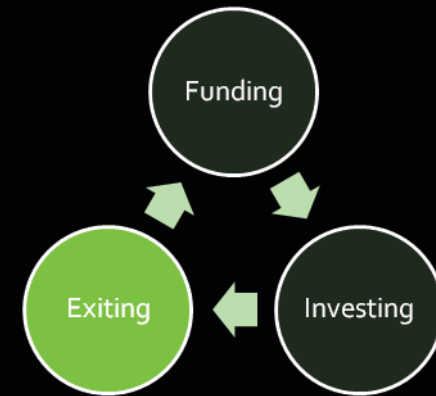
# Investing



- High Risk Investment
- Safeguards
- The J Curve

# Exit Strategies

- IPOs
- Merger or Acquisition
- Living Dead
- Shutdown



# Deal Flow



- *“The creation and maintenance of a flow of business proposals for evaluation and decision for financial backing”*

*(Wikipedia)*

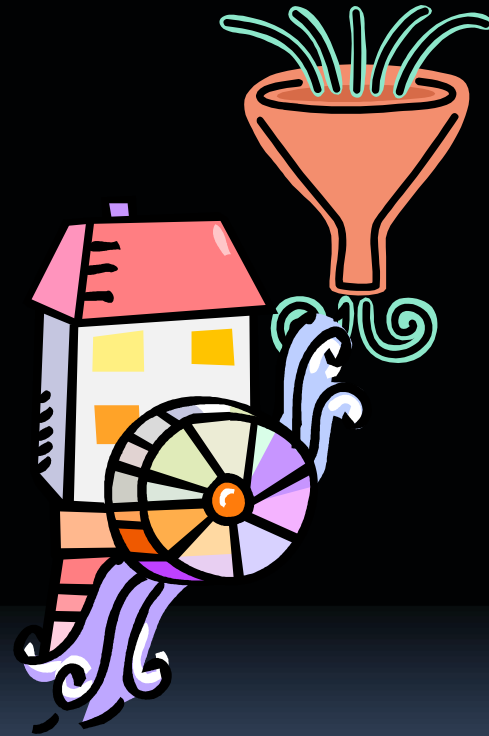
- Funneling Business Plans from Entrepreneurs to VCs

# Why Deal Flow?



- Maintain a flow of investment opportunities
  - The BP funnel
  - VC infrastructure across funding cycles
- Key Participants need each other
  - Investors need opportunities to invest
  - Entrepreneurs need financing

# Networks for Deal Flow



Makes the whole thing work!

# Networks for Deal Flow: Elements

- Community of Human Capital
- “Matchmaker” Role
- Interplay between Universities, Research Centers and the VC Community
  - Syndication among VC firms
  - Diaspora Networks

# Networks for Deal Flow: Critical Success Factors

- Community accepts and respects failures
- Open flow of information
- Tax laws and other government incentives encourage investing and enterprise formation

The End

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