



A Message from the Tech Practice Group:

Welcome to BFMM's World's Smallest Newsletter, a quarterly communication about the Technology industry that we hope will be a source of useful insights and information to you. This edition will give you some guidance about the various ways to obtain financing.

Technology companies are facing difficult times as we navigate our way through a tough economy and a tightening in the capital markets. As a result, more time and effort is spent searching for financing to support operations, coupled with the challenge of making the funding last as long as possible. These challenges have investors and entrepreneurs inventing ways to fund growth.

We understand the importance of raising capital to your business. Our vast network of traditional and alternative financing professionals has assisted our clients with the funding of start ups right through our more seasoned technology companies. We have also been involved in many transactions and assisted in many successful deals over the years. Please reach out to us if we can provide additional information or answer any questions you may have.

All the best,

Steve, Jeff, and George
Technology Practice Group
Batchelor, Frechette, McCrory, Michael & Co.

FINANCING TIPS:

- **Be prepared** – Conveying your value proposition to potential investors is critical. Work on perfecting your business plan and your pitch to investors.
- **Seek assistance** – Financial projections are an integral part of the business plan. A CPA can ensure your assumptions are clear and reasonable.
- **Start early** – The process of raising financing no matter what form, will almost assuredly take longer than anticipated.
- **Don't give up** – Be prepared for rejection and incredible scrutiny – the successful entrepreneur never gives up if they truly believe in their company.



Steve Noyes and Jeff Allain volunteer at the RI-CIE, working with Cody Simmons, CEO of Co-Fund while Brendan McNally, Director of RI-CIE looks on.

Financing Routes:

Return Service Requested

Your ability to obtain and secure appropriate financing is a critical step to a successful technology company. There are several paths to do this—you should understand and explore all of the options before deciding which ones to pursue.

- 1. Family & Friends** – As the name suggests – financing provided to start-up companies before other outside money is obtained. Generally the first avenue taken by an entrepreneur to raise money.
- 2. Angel Funding** – Provides financing to companies that have progressed beyond the start-up phase but are not yet ready for venture financing.
- 3. Customer Financing** – Structuring contracts with customers to allow for favorable cash flow such as negotiated up front deposit payments.
- 4. Bank Financing** – More traditional financing to companies in the form of lines of credit for working capital needs and term notes for long term needs such as equipment financing or business acquisitions. Bank financing will have collateral and other requirements imposed by the banks.
- 5. Private Equity** – Provides equity capital through the purchase of securities that are not publicly traded.
- 6. Venture Capital** – A subset of private equity providing financing for high risk ventures such as start ups. Generally characterized by high risk and a possibility of a high return.