

Technology Innovation

June 2024 Office Hours

# Innovation Programs

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## Team

- ▶ Clark Smith – Director
- ▶ Monika Athwal – Manager
- ▶ Sara Cadeddu – Senior Officer
- ▶ Christopher Shyers – Senior Officer
- ▶ Fariha Sheikh – Analyst
- ▶ Abdelrhman Seliman – Analyst
- ▶ Syed Fatmi – FT Summer Intern
- ▶ Varun Bharti – FT Summer Intern

## Programs

- ▶ Angel Investor Tax Credit
- ▶ Technology Business Tax Certificate Transfer Program (NOL)
- ▶ NJ Entrepreneur Support Program
- ▶ Angel Match Program
- ▶ NJ Accelerate
- ▶ NJ Ignite

# Angel Tax Credit (ATC) Program – Refundable Tax Credit

## Program Overview

Investors in a qualifying NJ emerging technology or life science business may benefit from a 20%-25% investment tax credit. Annual program allocation of \$35 million.

- ▶ Full-time employees (FTE)
  - ▶ at least 1, fewer than 225
  - ▶ 75% in New Jersey
- ▶ Must be an emerging technology – commercializing an eligible technology
- ▶ Investment must be a non-refundable transfer of cash
- ▶ Fully submitted application within 6 months of closing investment
- ▶ Bonus for W/MBE or Opportunity Zone companies

**3300+**  
Angel investments

**\$1 Billion+**  
in investment

**\$118 Million+**  
in tax credits

**160+**  
technology  
businesses

# NOL Program – Sellable Tax Credit

## Program Overview

Enables unprofitable NJ-based technology or biotechnology companies to sell a percentage of accrued losses to unrelated profitable corporations.

**\$75M** allocated annually

**1.25B+** to **over 570** companies since program inception in 1999



## Tech or biotech companies with:

- ▶ At least 1/5/10 FTE working in NJ
  - ▶ Fewer than 225 FTE in the US
- ▶ Protected, Proprietary Intellectual Property (PPIP)
- ▶ 2 consecutive years of operating losses
- ▶ CPA prepared financial statements
- ▶ Taxable corporate structure

# NJ Entrepreneur Support Program (ESP) – Loan Guarantee

## Program Overview

Provides a guarantee of up to 80% to investor loans/convertible notes advanced for working capital to businesses. Multiple guarantees per company up to the \$400,000 cap may be eligible.

- ▶ Up to \$400K
- ▶ 1 year term
- ▶ 80% Note /Loan Amount
- ▶ Note/loan maturity must be at least 1 year
- ▶ Angels & Funds
- ▶ No Revenue Requirement
- ▶ FT Employees – 50% in NJ
- ▶ \$5 million allocation

# Angel Match Program - Direct Investment

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## Program Overview

Matches investors' direct investment in early-stage, product-based technology companies within targeted industries on a 1-to-1 basis with unsecured convertible notes ranging from \$100,000 to \$500,000. Investments must be made by at least two external investors and be structured as preferred equity with a defined price per share.

- ▶ \$100K-\$500K Notes
- ▶ 10-year term, 3% interest rate
- ▶ No payments for first 7 years
- ▶ 1-to-1 match
- ▶ Unsecured
- ▶ Angels & Funds eligible
- ▶ Product based sales revenue – Min \$100K
- ▶ FT Employees – 50% & 2 Founders in NJ

# Other NJEDA Highlighted Initiatives

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## Venture Programs

- ▶ NJ Founders & Funders
- ▶ Golden Seeds
- ▶ NJ Innovation Evergreen Fund
- ▶ SEDI Funds
- ▶ Life Science/ Healthcare venture fund

## Clean Energy

- ▶ NJ Clean Energy Loans (NJ CELs)

## Commission on Science Innovation & Technology (CSIT)

- ▶ Catalyst Seed Grants
- ▶ Catalyst R&D Vouchers



Supporting early-stage entrepreneurs / academics developing (R&D) innovation-based companies

Encouraging collaboration and connectivity between industry and academia

Grant Programs - <a href="http://www.njeda.com/csit">www.njeda.com/csit</a>	Eligibility Requirements (Standard)	Timeline (Target)
Catalyst R&D Voucher - \$40K	<ul style="list-style-type: none"> <li>&lt; 50 employees</li> <li>50% of employees work in NJ</li> <li>1-2 Full-time employees</li> <li>&lt; \$5 million in prior yr. revenue</li> <li>In good standing to do business in NJ (Current Valid Tax Clearance listing CSIT)</li> </ul>	Rolling - Open
Catalyst Seed Grant - \$75K - \$150K		Yearly 2 <sup>nd</sup> Quarter
Clean Tech R&D Voucher -\$40K		Rolling - Open
Clean Tech Seed Grant -\$75K		Yearly – 4th Quarter
Clean Tech Pilot Demonstration - \$250K		Will Open June 2024
Food / Agriculture Seed Grant - \$75K		Open – close 5/10/24
Maternal / Infant Health Seed Grant - \$75K		Will Open June 2024
SBIR/STTR Matching Grant - \$25K - \$50K		Rolling - Open



Information on capabilities at NJ universities [www.researchwithnj.com](http://www.researchwithnj.com)

Grant submission assistance for federal SBIR/STTR - NJSBDC - <https://njsbdc.com/techteam/>



# Contact Us



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Visit [www.njeda.com/CSIT](http://www.njeda.com/CSIT) for more information



# Golden Seeds

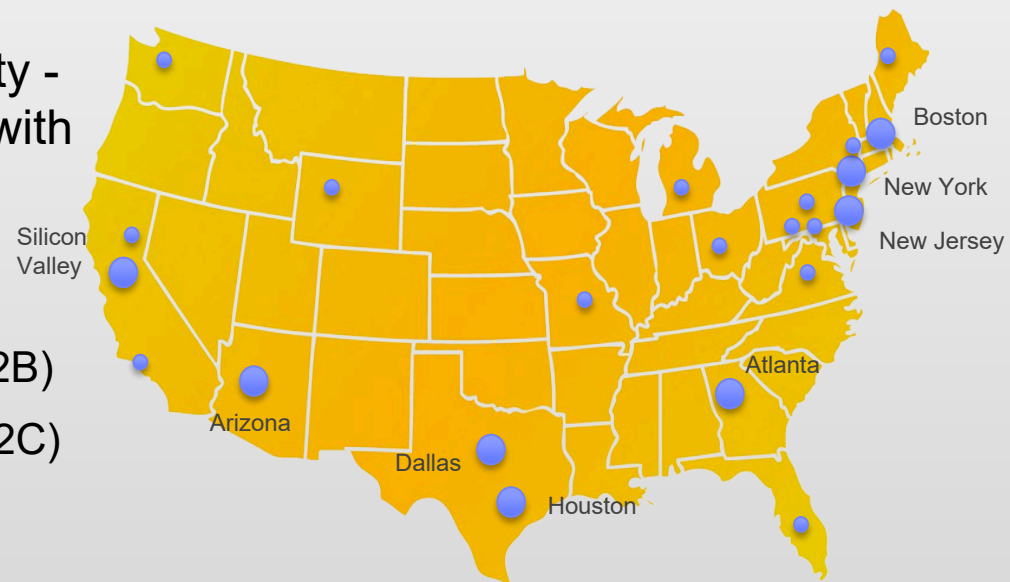
## NJ Chapter Office Hours

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## Overview of Golden Seeds – National Angel Network

Golden Seeds is dedicated to funding high-potential, women-led businesses for superior investment returns and to level the playing field for female founders.

- Investment Focus – Gender Diversity -  
At least one woman at the C-Level with meaningful influence and equity.
- Sectors
  - Enterprise Services & Technology (B2B)
  - Consumer Products & Applications(B2C)
  - Healthcare
- US Domiciled



*288 Members - 8 Chapters - 27 states*

Golden Seeds has invested \$190 million in more than 245 women led companies since inception & was named third most active angel group. GS members meet with over 1,000 entrepreneurs annually.

# Golden Seeds New Jersey Chapter

- NJ chapter currently has 23 members.
- New Jersey chapter Golden Seeds members have invested over \$9.5 million in female start ups since 2020..
- To date, NJ GS investors met with 173 entrepreneurs.
- NJ office hours has attracted entrepreneurs from across the state. Entrepreneurs came from 17 out of New Jersey's 21 counties. In addition, entrepreneurs from Indiana, Maryland, Florida, Illinois, Wisconsin, Pennsylvania and New York attended NJ's office hours.
- The NJ chapter has 62 companies that have progressed beyond office hours.

# Presence of Women improves returns

## WOMEN ON BOARDS

Companies with strong representation of women on boards delivered **25% more ROE** than companies with lower representation



Source: Calvert Impact Capital Gender Report, December 2018.

## WOMEN IN LEADERSHIP POSITIONS

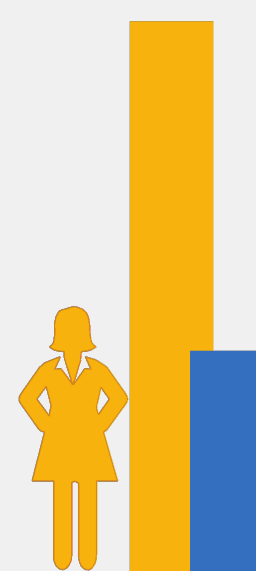
**Return on Assets are almost 13x higher** for companies in top quartile of women in leadership positions than bottom quartile



Source: Calvert Impact Capital Gender Report, December 2018.

## WOMEN FOUNDED BUSINESSES

Businesses founded by women deliver **2.5X higher revenue** per dollars invested than those founded by all men



Source: Boston Consulting Group, [www.bcg.com/en-us/publications/2019/why-women-owned-startups-are-better-bet.aspx](http://www.bcg.com/en-us/publications/2019/why-women-owned-startups-are-better-bet.aspx)

# Are You Ready for Angel Funding?

Almost all of the companies in which we invest meet these tests of readiness:

- Product is in beta (versus alpha) stage of development and has been created with input from clients or potential clients;
- Company has some “proof of concept” revenue, except for health care companies;
- Typical pre-money valuation below \$5M;
- Typically seeking to raise \$250K-\$2.5M;
- Consumer product companies that have annual run rate revenue of over \$1M and gross margins over 40%.

# Creating an Effective Investor Deck (10 Slides)

1. What problem are you solving?
2. What is your solution to the problem?
3. Who has this problem?
4. Who are your competitors and why is your solution better?
5. How are you going to attract customers and how much will it cost?
6. What are your sources of revenue and gross margin assumptions?
7. Who is on your team and why have you chosen them?
8. How much money do you need and why?
9. How do you intend to give investors a return on their investment?
10. Summary: Why should we invest?

# Advice to First-time Entrepreneurs

Without a startup track record, funding can be a challenge

- Communicate relevant experience
- Hire a compelling management team
- Surround yourself with experts (Board of Advisors)
- Show us some milestone accomplishments
- Consider joining an accelerator or incubator program
- Always have your 30-second and 2-minute elevator pitch ready
- Be authentic



Thank You!

NJEDA