Please consider the following guidelines when preparing materials to present to MABA:

**Business Areas**
We invest in life science companies.

**Submission Materials**
Please limit the materials to the minimum necessary to address the criteria described below. Executive summaries should not exceed three pages. We prefer more extensive business plans in PowerPoint format. In either case, you can provide appropriately titled additional supporting documents if you feel these documents will significantly clarify the business opportunity. If we determine that you should become a presenting company, the final presentation to the group should be 15-25 PowerPoint slides.

**Market**
We prefer opportunities with clear unmet market need or clearly defined competitive advantage over existing products already in that market and a potential or demonstrated addressable market of at least $100 million. For platform technologies, the market for the initial product derived from the platform should be large enough to justify the investment on its own. We recommend market size estimates be built “bottom up” from number of patients/procedures and the anticipated price of your product and service, and not “top down” from published reports on dollar or unit number for sales related to a disease. Your sales projections in relation to this market should translate into a realistically achievable market share.

**Proof of Concept**
The company should have a readily describable or identifiable product and established some ideally publishable data which provides proof of concept for the product’s efficacy or utility, ideally sufficient to support at least a provisional patent application. For therapeutics, this may mean that a molecule has been identified and some small animal testing in accepted models is complete. For a device, this may mean an initial model or prototype, some in-vitro testing and ideally some acute in-vivo testing has been completed. For a diagnostic, this may mean that at least retrospective testing has been completed on real samples. For a service or IT product, you need at least a prototype algorithm and/or a vaporware presentation and some information regarding the intended patent protection.
External Validation

The company should ideally provide some external validation of the value of the company’s intended products or services. This can include responses from prospective customers, distribution partners, or acquirers, or support from VCs who may have expressed a future interest if certain milestones can be met. A list of potential customers who have expressed a willingness to speak to potential investors regarding the merits of your proposed product would be very helpful. A list of paying customers is priceless.

Amount Being Raised

Typical life science angel investment rounds are up to $500,000 per angel group, and possibly as high as $5,000,000 in a syndicated round, where multiple angel groups invest together. We are looking for opportunities where our investment could get the company to a major “inflection point” – preferably an exit (or at least a point where the angels can recoup some or all of their investment), or a point after which the company would be self funded. When smaller investments are involved we look for opportunities where a relatively small amount of money can remove a substantial amount of risk and result in the achievement of a substantial milestone, and with it, a step up in valuation. You should articulate how you can get to a significant value creation milestone on the money we are being asked to put in. Subsequent investments may be considered, following the achievement of successful milestones. In general, preference will be given to deals that are (or can be) entirely angel financed.

Valuation

Angels look for companies with valuations appropriate to the level of risk and return. We will not consider deals with a valuation at or above $10 million. We are unlikely to invest in businesses with valuations over $5 million; in the earliest stages, valuations should be even under that. We will, however, consider exceptions in investments which are priced over our valuation threshold and may require significant additional capital, but only if our terms include protective covenants which limit dilution, and/or offer creative milestone based returns, and/or adjust our holdings if future financings result in lower stock/equity pricing.

Plan for Exit or Return

You should articulate how you plan to ensure investors realize return on their investment – through an acquisition or technology license by another company. The plan for such an exit should ideally include the planned timing of a possible exit, a list of potential acquirers, similar acquisitions that the purchasers have made and the valuations of these acquisitions. “Cash cow” payouts are rarely attractive to angels because it is too easy for the company to decide to reinvest the cash. As a guideline, we are looking for a credible potential return to investors of at least 5X in 5 years or about a 40% annual ROI.
**Amount of Capital Required**

If a company requires a great deal of capital (e.g., more than $10M) to get to its exit, we will not be able to supply all of it. You should have a realistic plan for raising the follow-on capital while protecting the early investors. It is helpful to line up future investors (e.g., VCs) who will be interested in investing once you have achieved certain, specific milestones.

**Structure**

Preferred stock investments are ideal. If the company wishes to propose a convertible note structure which converts into the first VC round, then the company should make certain that the angels are being adequately compensated for the additional risk they are taking by investing well in advance of that VC round. This can include a combination of high interest rate, discount from the round and/or warrants, and/or return of capital from early revenues. You can expect to provide 25-50% discount or warrant structure.

**Barriers to Entry**

You should describe the company’s intellectual property and / or other means that the company will keep competitors from being successful in copying the company’s products or services. If you are relying on patents, you should provide us with some specifics as to the claims you hope to obtain.

**Strength of Management Team**

Explain how the critical functions of product development will be accomplished and whether the intention is to remain “virtual”, using consultants as needed. Provide summary resumes to demonstrate whether existing management has the necessary skill sets and experience to make appropriate use of the proposed funding. Remember the cliché, “Better an excellent management team with a mediocre plan than a mediocre team with an excellent plan.” If certain skill areas are currently lacking, in addition to pointing them out, identify, if possible, persons who offer the necessary skills and who have expressed a willingness to join or assist the company if funding is obtained.

**Other Business Considerations**

We look at a variety of other business issues when we evaluate a potential investment, including a credible go to market plan, competition, production and sales economics, regulatory and reimbursement issues. You should prioritize these and address each of them appropriately. Preference will be given to deals that are entirely angel financed, and where the greatest degree of transparency is exercised.