February 2014

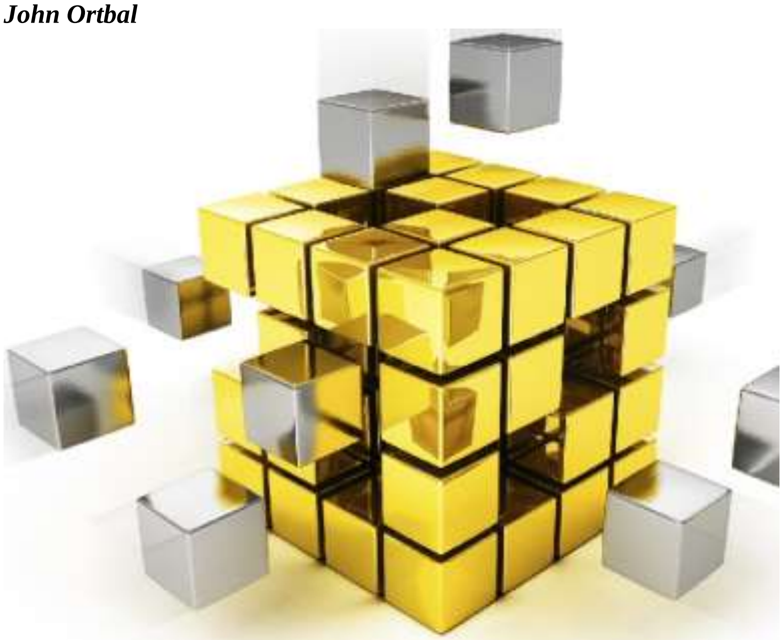
NEWS FROM HEARTLAND

The Journal of the Heartland Angels

FROM ZERO TO HERO

Marketing Success Secrets for Tech Startups

John Ortbal



It is estimated that 40% of venture-backed companies fail, 40% return moderate amounts of capital; and only 20% or less produce high returns. It's the small percentage of high-return deals that are most responsible for the venture capital industry consistently performing above the public markets. So what separates the zeroes from the heroes?

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Paul Reinfelds PhD, JD

This article provides enough information for the reader to fake it through the next pharmaceutical company pitch they attend.

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SOMEBODY KEEPS MOVIN' MY CHEESE

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NEW INCUBATOR IN TOWN

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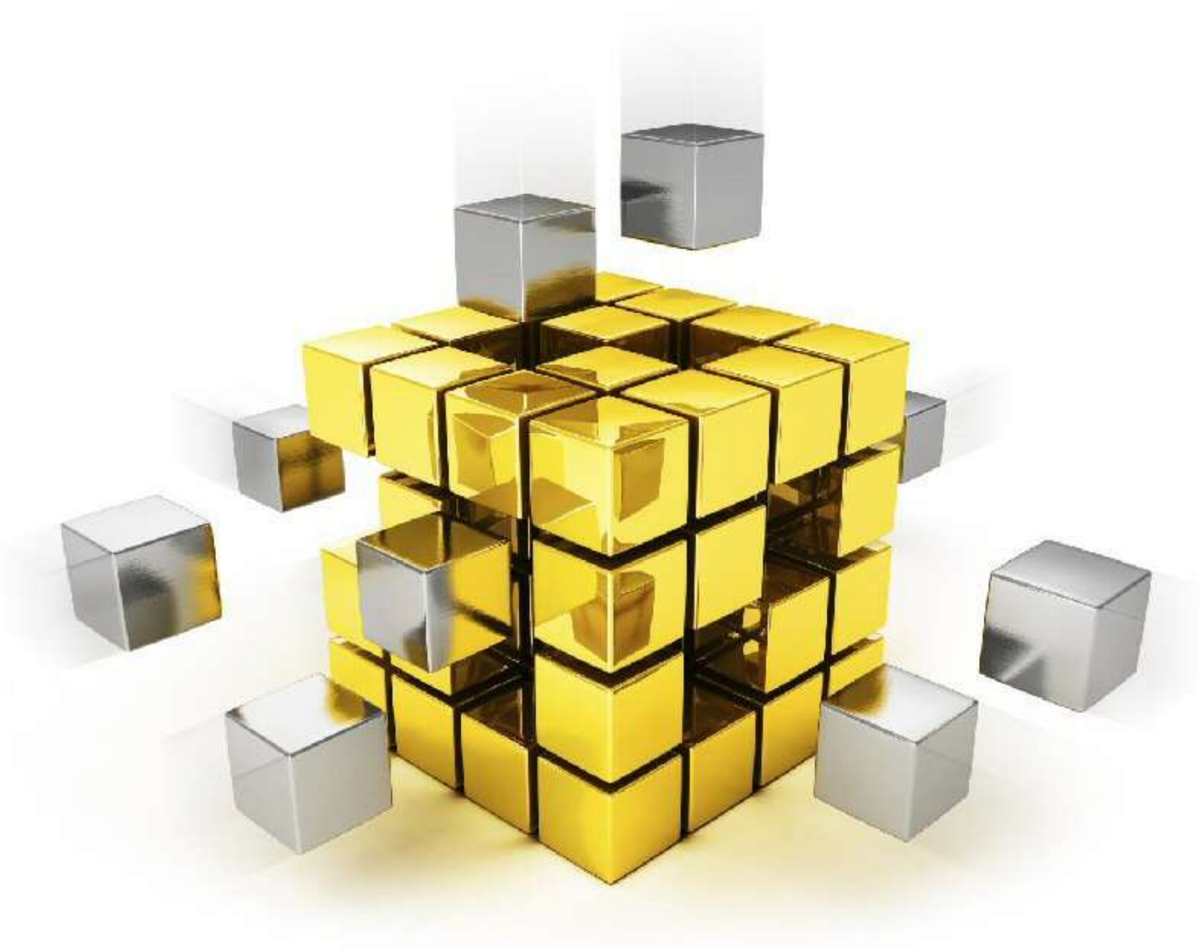
FROM ZERO TO HERO

Marketing Success Secrets for Tech Startups

From the Journal of the Heartland Angels **–** (650 words)
by John Ortbal – President, Services Marketing Group



It is estimated that 40 percent of venture backed companies fail; 40 percent return moderate amounts of capital; and only 20 percent or less produce high returns. It is the small percentage of high return deals that are most responsible for the venture capital industry consistently performing above the public markets. So what separates the zeroes from the heroes?

For the past 15 years, I've been a key contributor in marketing several software and hardware technology startups and early growth stage companies in the US. In some cases I've served as the VP of Marketing or Director of Marketing Communications, and in others as a contract consultant focusing on developing brand positioning and creating marketing programs to launch or revitalize a young firm. My fellow team members at the time are now VP's of Marketing and CMO's at successful technology companies across the country. Helping to launch a dozen or more tech companies that were eventually acquired by larger enterprises, I've learned a few lessons in marketing that I want to share.

Thought Leadership is a Primary Differentiator

While launching a new company or growing a young company requires an outstanding product/service, marketplaces today are so cluttered with new and innovative ideas that the real differentiator in my experience is thought leadership.

How does one define thought leadership? Here's how writer Shel Israel in Forbes magazine described the concept:

A thought leader is someone who looks at the future and sets a course for it that others will follow. Thought leaders look at existing best practices then come up with better practices. They foment change, often causing great disruption.

Not everyone can be a thought leader on the scale of Steven Jobs or Martin Luther King. For most young companies, it's enough to be a thought leader for a specific audience or niche market.

To establish thought leadership you have to know your audience, understand what motivates them emotionally as well as rationally, and stake out a position that presents a unique perspective. Keep in mind that your positioning is not thought leadership unless it breaks through the status quo to challenge the conventional thinking or habits of your audience.

Plus, when positioning yourself as a thought leader in your space, you've got to reposition all your competitors as lacking in both vision and capabilities.

Redefine the Playing Field According to Your Rules

Time and again I've seen startup or emerging growth tech companies floundering in search of the "right" messages to demonstrate the superiority of their products. What they should be concentrating on is creating a context or playing field that leads inevitably to the conclusion that their product is the right solution for the problem situation.
In most cases that means re-defining or refreshing the perceptions surrounding the category where your product/solution plays. So when you stake out a thought leadership positioning and start promoting your agenda, you've got to define the new rules and convince others of their validity and value.

This of course is not nearly as easy as it sounds. You've got to understand your audience and marketplace, see where customers are frustrated and in pain, and give your audience hope that there is a reasoned, workable solution within their grasp.

Coming in the Next issue:

- **A Simple Unified Message Wins the War**
- **Loving Customers, Not Just Products**

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THE ANGEL EDGE

***From the Journal of the Heartland Angels* – (900 words)**
by John Jonelis

Is an Angel a fool?

In the world of private equity investing, the order of funding is supposed to go like this:

- **Seed Round**—that's friends, family, and fools.
- **Angel Round**—that's funding the big initial spurt of growth.
- **Venture Round**—that's big funding for massive scaling.

Compare that stack-of-three (above) to a peanut butter and jelly sandwich. Notice that Angels make up the good stuff in the middle. And yes—according to studies by the Kauffman Foundation—Angels make the best money.

But sometimes Angels step in early—right next to friends and family. Sometimes they get in late—right next to VCs. That's the PB&J squeezing out the sides of the bread.

We all know the friends and family round is the most likely to fail and we *shoulda oughta* shy away from it. But if we wait too long we ain't makin' no money. According to research by the Kauffman Foundation, investors in VC funds ***on average*** make a *NEGATIVE* return. That's right—***average negative***. Angels do a whole lot better. So maybe it's wise to avoid the sloppy edges. Make sense so far?

The Basic Question

In investing, the exercise always boils down to this: ***Here's the environment—how do we make money in it?*** Investors always look for an edge—some slight advantage over the masses. And there definitely is an ***Angel Edge***. Let's examine:

- Angel investing is entirely ***non-correlated*** to the broader security markets. *(Hey, if you got a stock portfolio to protect, that's a big deal.)*
- An Angel's potential return—***on average***—knocks the stuffing out of traditional securities. *(Again, that's according to research from Kauffman.)*
- Then there's the intellectual exercise. *(Let's face it, that's a reward in itself. Otherwise we'd all turn our money over to some manager or mutual fund.)*
- Then you sometimes get to roll up your sleeves and sit on the board of one or more companies, which can be a real blast. *(Beats sucking on an umbrella drink on some tropical beach. At least I feel that way. I sunburn so easily.)*

So the Angel route makes for an enticing package. But it's not for everybody. Then there's my general attitude: *I'm always suspicious of enticing pac*kages. So let's take a peek at the risks and rewards.

Risk

It is well known that private equity investing carries with it a high risk compared to stodgy investments like stocks or treasuries. (Treasuries pay close to zero these days). Rather than buying regulated marketable securities in all-too-efficient markets, an Angel negotiates terms and makes private deals. Anything can happen. Let's identify a few of the risks:

- No liquidity
- No stop loss
- Little diversification *(That is, if you're a lone wolf. More on that below.)*
- Long time horizon

An Angel typically waits 3-5 years or more to cash out. *Hey, I come from the world of 1-7 days and out—MAX. To me, anything measured in years is a real long time.* But 3-5 is a short time compared to Venture Capital. It's short compared to starting your own venture. It's real short compared to real estate.

Reward

There are a number of advantages that attract money to this model:

- Larger average payoffs compared to investing in securities. *(More on this in the next issue.)*
- The chance to buy a future Industry Giant at a very early stage. *(If you do enough deals and perform your due diligence, that might actually happen.)*
- As mentioned, private equity is non-correlated to the broad markets, like stamp collections or antique cars. *(That means you might make money, even when the broad markets tank.)*

Let me explore that last bullet a bit deeper: This is an *Alternative Investment Vehicle*. Alternative investments tend to be high-risk. But as part of a larger portfolio they ***can***—(and this is non-intuitive)—can *INCREASE* return and *REDUCE* overall risk. Nice combination, don't you think?

This strange phenomenon is mathematically demonstrated on a graph called ***The Efficient Frontier***. It takes some thought to set up the strategy, and don't overdo it. Conventional wisdom is to limit alternative investment to less than 10-15% of a total portfolio.

Risk Mitigation

How do you raise your returns above the averages, yet control risk? Skill, knowledge, and raw instinct? Personally, I don't harbor such fantasies—***I believe that it's better to belong to a group.*** As a member of an Angel group, you enjoy a number of advantages that reduce risk:

- **Diversification** – To throw all your capital into just a couple ventures is clearly dangerous. Members of a group can spread their deals across a large number of companies.
- **Industry Knowledge** – A strong Angel group includes experts, in various industries. What single individual can boast deep knowledge of more than one or two industries?
- **Expertise –** Members come from various disciplines—Finance, Accounting, Marketing, Operations, Science, Engineering. Who holds diplomas in all those areas?
- **Workflow** – Many hands make for light work.
- **Control** – When you play the stock market, you exercise HOPE. In contrast, an Angel group may have a member sitting on the Board of Directors.

Let's Review

- This is an *Alternative Investment*. Keep it small compared to the overall portfolio.
- Join a strong Angel group and use it as your research team.
- Spread your resources across as many diverse companies as you can.
- Be patient. It may be a long wait for that first winner.

Coming Soon

In the next issue, I'll explore ways to predict the outcome of your portfolio. *Get a head start. Read* ALTERNATE HISTORIES *at Chicago Venture Magazine:* **[click here]**

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ANGEL MASTERMINDS

***From the Journal of the Heartland Angels* –** (500 words)
by Tim Goebel

Heartland Angels counts entrepreneurs among its members and a pair of our companies recently presented. From personal experience, I can tell you that eliciting experience from angel investors can help startups navigate major decision points—important points such as setting goals, self-funding, realizing a liquidity event, or becoming investable.

In-Sattva™

We presented that night with another exciting company called **In-Sattva,** an online marketer of accessibly priced, fashionable men and women's apparel imported from India.

In-Sattva was founded on the basic principle of its Sanskrit meaning, *living in goodness*. Their intent is to popularize comfortable men's and women's *Kurtas* (tunics) in North America. Their mindset is quality. **In-Sattva Ventures, Inc**. is scaling through franchise opportunities.

Commute Connect, LLC

Our company is **Commute Connect**, a provider of alternative transportation. We focus on that nasty last mile from public transit. Our first product is the Self Balancing Unicycle.

We may not look as glamorous as *In-Sattva*, but we've had our share of traction. My colleague Pam Leiter and I wanted guidance on scaling rather than investment, so we described our experience bringing alternative transportation to Chicago and other markets.

Traction

Since launching last fall, **Commute Connect** has gained strong media attention promoting the company's signature product, the **SBU Self-Balancing Unicycle**. This has opened several opportunities to expand our efforts and foster an entirely new category of bike shop, geared to getting around in effective and fun ways. We want to broaden the view of personal mobility beyond the folding bike, to encompass human and electric-powered scooters, unicycles, mini and seated Segway-type devices, various recumbents, and others.

We posed questions about company direction to the group. Should we act as both dealer and distributor, wholesale distributor only, or simply rep a number of products? Should we focus efforts on opening the first of several shops and build a brand from there, or take another path to growth? Given the northern winters, how do we gain a Sunbelt presence from our Chicago base?

The Takeaways

Right away, three suggestions from the meeting stood out as relevant takeaways, with major implications for our business plan:

- ***Gain the credibility of a physical store, preferably centrally located in Chicago.***
- ***Work with multiple product lines—not just one potential category winner.***
- ***Identify comparable business models that can point us to a path to growth.***

Commute Connect has its work cut out for it, as we tackle a broader product lineup on several fronts—dealer, distributor, and rep for multiple products across at least two geographies. The company is also in discussions with existing shops about potential joint ventures to accelerate our physical presence. We look forward to seeing the streets explode with all sorts of cool ways to get around this summer!

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I NEVER WORKED A DAY IN MY LIFE

The Story of Ray Markman – Part 1

From the Journal of the Heartland Angels – (800 words)
by John Jonelis

"What he says is—" I pause to confront the two men across my battered old WWII Air Force desk. *"What he says is this:* ***'I never worked a day in my life.'*** *Far as I can tell, Ray Markman never stopped working a day in his life. Should've retired years ago and he's still working. Day and night he's working."*

Ray Markman – ***Bachrach Photography***

"It is merely a paraphrase from ze great inventor, Thomas Edison." Alexander Harbinger PhD, sits erect, speaking in his German baritone. *"Most likely, Mr. Markman does not intend such a statement to be taken seriously."*

Loop Lonagan slams his fist on the scarred maple desktop. *"No. I heard 'im say it. Two times I heard 'im. That guy always says what he means and I believe him."*

I smile. I believe Ray, too. I glance at my notes and read Ray's words: ***'I loved what I did. To me working was the greatest things in the world. I still average twelve hours a day. I never felt I worked a day in my life.'*** How can you argue against that kind of heart?

Again the baritone from the tall man, but more animated: *"Voicing such an outlandish opinion does not make it fact. The very idea iss… what is ze word…"* He pauses. *"Vimsical. It iss vimsical."*

It tickles me to hear Alex' accent thicken when he gets excited.

"Proof," he says. *"I cannot accept it vithout proof and I do not believe that you can produce evidence that vill convince an educated person that such a statement is…that it iss justified."*

"Waddaya mean educated? You callin' me illiterate?" I don't like the look Lonagan gives Harbinger. Dangerous. Personally, I never want to find myself on Lonagan's bad side.

For a moment, the tall PhD appears nonplussed. Then he stammers, *"No—no. Present company excepted, of course—of course."* An amazing concession from the tall, cold scholar.

I roll my chair out of the way, stoop to the floor and work my fingers under a cardboard box, remembering what I learned working in factories as a boy—lift with your legs, not your back. The massive old desk shifts when I drop the first box on the scored maple top. I dump the second next to it. Then the third.

Still standing, I heave a sigh. *"Glad you're taking it that way. This is everything I have. I'd appreciate each of your perspectives. It's short notice but I need your opinions by Friday. Will you take it on?"*

The room goes silent as the three of us stare at the bulging boxes, each with the name, ***Ray Markman,*** printed in neat letters. I know I'm asking a lot. Gazing down at Alex and Loop I am unable to read their eyes.

Loop is first to speak. *"You want we should dig through all this stuff by Friday?"*

I lean forward on my fists. *"Listen—you are two of the smartest guys I know. Loop, you traded huge money on the floor of the CME and later funded a lot of winning companies. Your street smarts and business savvy make your opinion beyond value to me. Alex, you're academic credentials are legendary but at the same time you keep your feet solidly on the ground. I trust your judgment—trust it thoroughly. I'm hoping we can put our heads together on this."*

After a pause, Harbinger stands tall. *"I vill begin immediately."* He turns to Loop. *"I meet you here Friday."* Then he lifts a box of documents and ducks as he marches out the door.

Loop grunts when he hefts a box. *"Lug dis. Lug dat."* Leaning well back, he steps out of the room with the heavy burden.

I park my duff in my chair and stare at the remaining box. A lot of documents to examine. But I link my fingers behind my head and lean back into the plush leather, lifting my feet to the desktop, smiling to myself. I've just succeeded in lighting a fire under two divergent thinkers. I wonder what they'll bring back with them.

~~ Look for Part 2 in the Next Issue ~~

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EXCLUSIVITIES IN PHARMACEUTICALS – *The Basics*

From the Journal of the Heartland Angels – (1,200 words)

by Paul Reinfelds, PhD, JD – Director, Legal Affairs and Senior Legal Counsel, Marathon Pharmaceuticals LLC

This article provides enough information for the reader to fake it through the next pharma company pitch they attend.

The barriers to entry in the U.S. pharmaceutical market are substantial. Chief among them are the size of investment needed and regulatory hurdles. Those combine to bring about a dismal success rate—a general failure to advance a compound from the ***eureka*** moment in a research laboratory to actually healing a patient. But there is hope.

For those that can successfully raise capital and navigate the regulatory gauntlet, there are potential ***exclusivity periods*** available. These fall into two primary categories—***statutory*** and ***patent*** (explained below). These exclusivity periods all but ensure an innovator drug a market monopoly for a finite amount of time.

The statutory exclusivities offered to *small molecule* compounds arise from what is colloquially known as the Hatch-Waxman Act of 1984. Lawyers and wonks loathe of brevity prefer *the Drug Price Competition and Patent Term Restoration Act.*

Hatch-Waxman is the law that amends the Federal Food, Drug, and Cosmetic Act – the FFDCA. It allows generic companies to copy innovator drugs without the need to run the panoply of safety and efficacy testing. It effectively makes producing a successful copy the only prerequisite to generic entry. The costly safety and efficacy testing done by the innovator company is now relied upon and referenced by the generic applicant.

The Tradeoff

In exchange for involuntarily surrendering their data to generic competitors, Hatch-Waxman provides innovator companies with two kinds of data exclusivity periods, effectively blocking out generic entrants.

- ***New Chemical Entity Exclusivity*** (NCE) provides for ***five years*** of data exclusivity. It's for a drug product containing a substance never before been approved by the FDA.
- ***New Formulation Exclusivity*** provides ***three years*** of data exclusivity and applies to drugs that change some aspect of an already-approved drug substance *(e.g., a new indication, formulation, dosing schedule, route of administration)*, but only if the drug application contains new clinical data essential to its approval.
- ***Orphan Exclusivity***, a third and lesser-known category, is available in the US under the Orphan Drug Act of 1983.

An orphan drug is one that treats a rare disease or condition that affects less than 200,000 people in the US, or one for which there is no reasonable expectation that the cost of developing such drug would be recovered from U.S. sales.

The Orphan Drug Act seeks to incentivize the industry to address smaller disease populations by offering more realistic clinical statistical burdens, monetary incentives in the form of tax breaks and clinical research subsidies, and germane to this article, ***seven years of data exclusivity***.

In addition to those statutory exclusivities, innovator drugs also benefit from exclusivity provided under U.S. patent law. Patents are particularly useful to the pharmaceutical industry because small-molecule drugs and many biologics are single-chemical entities that, unlike electronics, ***can be covered by a single patent***. There are three categories of pharmaceutical patents.

- The ***drug substance patent*** is the gold standard and most powerful as it claims the underlying molecule responsible for a drug's effect. Think of ibuprofen for Advil®.
- The ***formulation patent*** is usually a combination of the drug substance along with other excipients to alter a drug's performance profile. Think of any controlled release or once-a-day formulation.
- Finally, the ***method patent*** comprises patents claiming a method of use or manufacture.

Patents offer additional protection for innovator compounds. Patent terms run ***twenty years from the date of the filing***. While on its face, twenty years sounds like an eternity, exclusivity is actually far less. It can take three to five years after filing for a patent to issue. Regulatory testing will take an average of five to six years for clinical trials alone.

In recognition of the duration of clinical trials required by the FDA, Hatch-Waxman offers patent term restoration to compensate patent holders. *(This part of the law adds one day to a patent's term for every two days a drug spends in human trials, for a maximum of up to five years and not to exceed a fourteenth year total term after approval.)*

The Orange Book

The FDA lists all of its approved drugs and their therapeutic equivalents in what is known as the Orange Book *(guess what color the printed cover is).* One of the intended uses of the Orange Book is to determine which drugs are therapeutically equivalent to each other. Another use is to assure that for every prescription and over-the-counter drug, two relevant pieces of information are provided:

- A list of patents alleging to cover some aspect of the drug product.
- A description of any statutory exclusivity awarded to that drug product.

Because of Hatch-Waxman, in order for a generic drug application to be approved, ***all statutory exclusivities must have elapsed***. In addition, every generic drug application must include a patent certification with respect to each patent listed in the Orange Book in connection with the innovator drug.

- A ***Paragraph I Certification*** means there are no listed patents.
- A ***Paragraph II Certification*** means the patent(s) is expired.
- A ***Paragraph III Certification*** means that the drug product will not be marketed until after the patent(s) expires.
- A ***Paragraph IV Certification*** (PIV) means that the listed patent(s) is not infringed or is invalid and unenforceable.

Paragraph IV certification is the equivalent of a declaration of war and is the opening gambit of pharmaceutical patent litigation. Paragraph IV litigation is common and almost a guarantee for any product of suitable market size and listing an Orange Book patent. The legal profession is replete with cadres of attorneys driving very nice cars that do nothing but PIV litigation. *This author drives a Ford*.

Once litigation is commenced, three things can happen:

- The patent is ***upheld as valid*** and the generic product is not approved.
- The patent is ***found invalid*** and the generic enters the market.
- The innovator and generic company ***settle***, with the generic entering the market earlier than expected but still preserving some exclusivity for the innovator.
  (This is becoming an increasing challenge in light of recent FTC anti-trust scrutiny—an article topic within itself).

Scope of Protection

Both statutory and patent exclusivities run concurrently with and independent of one another. Statutory exclusivity is relatively short but quite certain and predictable. Patent exclusivity is potentially longer but less predictable and prone to costly, drawn out litigation.

It should be noted that neither type of ***statutory*** exclusivity technically provides true market exclusivity the way that a ***patent*** does in that statutory exclusivity protects not a drug itself but rather only the safety and efficacy data that an innovator drug submits to gain FDA approval to market a drug. Generic manufacturers wishing to market the same drug may gain FDA approval during a statutory exclusivity if they take the unlikely step of generating their own safety and efficacy data—something they are ill equipped do. Such a strategy makes little economic sense within the standard generic drug business model.

This article is merely a high-level view of small-molecule pharmaceutical exclusivities. As with anything, the devil is in the details. The situation for "large molecule" biologics—proteins and antibodies like Enbrel® and Humira®—is similar but with nuanced differences not discussed here. The fundamentals governing ***biologics*** and ***biosimilars*** will be addressed in future issues.

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SOMEBODY KEEPS MOVIN' MY CHEESE

***From the Journal of the Heartland Angels* –** (900 words)
by John Jonelis

Early morning on Clark Street, I run into Loop Lonagan, former floor trader on the CME, Angel Investor, and man-about-town. It's been about two months and my feelers tell me something is wrong with the guy.

"Hey, long time no see." That sounds awkward and I try to follow with a joke. *"Been locked up in the joint or what?"* I intend the prison reference as tongue-in-cheek, but Loop's reaction surprises me. He staggers to a standstill and then sidles over to lean against a light pole. When he moans, I know it's an act.

Then he slowly nods. *"No mercy. No grace,"* he says in a voice that sounds more like a growl. *"Prison's gotta be better than what really happens to a man these days. Lousy do-gooder sister. A guy lets loose just once and next thing he wakes up in the tank."*

"Which tank is that?"

Loop cocks his head and looks at me with bleary eyes. I'm not sure if it's a hangover or just a typical early morning. *"You didn't hear?"* he says, *"The old battle axe signed me up for a life sentence. Detox, then my own private room. For good. I call in a few favors and get outa there just before the big holiday celebrations in Honolulu."*

So that's where he's been. *"You always seemed to hold your liquor before."*

"That counts for nothin' these days. Let it rip once—just once—and they think they got you pegged. Anyhow, I'm back."

"What set you on a binge?"

He growls again. *"Don't get me started on that."*

We walk into an eating establishment and shed our coats. Loop orders bagels and lox. I do the same. He finishes and orders another helping, then downs a second cup of coffee. I can see it's doing him a world of good.

Then he looks straight at me. *"Okay John, if you wanna know about it. But I ain't got a lotta time."* He takes another bite of bagel. *"Somebody keeps movin' my cheese."*

"You mean like in the cartoon?"

"Yeah." The waitress fills his cup. It steams and he slurps it carefully. *"You notice that GDP is back where it was three years ago? But it don't feel that way, right?"*

I shake my head and wait for him to go on.

"The numbers. They's all back to what they was but things is different—way different. Same numbers but the way business delivers 'em is different."

Loop finishes his second bagel and orders a third. By this time he looks like the old Loop Lonagan and goes on: *"One thing—access to capital is all screwed up after the housing bubble and banks got a real attitude. We move thousands of working jobs outa the country. Hell—R&D too. The stinkin' Internet changes way the way we do business."*

I sit there in shock. Is it possible that this news flash takes so long to hit him? *"Listen, Loop. Everybody knows all that stuff.* ***Everybody****."*

"Yeah, yeah. But here we get to the crux. We redefine success."

I swallow some coffee. Redefine success—first time I've heard it put that way.

"Success with no access to capital gets you nowhere any more. The lousy Internet changes delivery. Access to information and business processes change. People depend on referrals even more to make transaction decisions. Everything's different and less people needed—a lot less in the good old US of A. So we get massive unemployment. It's all structural. Ain't goin' away. Everybody gets redefined."

I take my last bite of breakfast and think over what I'm hearing.

After another slug of coffee, Loop goes on: *"That means we redefine the planning process. That means we redefine data sets. Those now come from outside the business as much as inside."*

I hadn't thought about that but it's true. I nod.

"Goals change. Used to be you get your capital first then build a business. Now it's build a business then prove that you deserve the capital to grow it."

That rings true for me as well.

"Collaboration changes, too. Now there's more going on between companies than inside them. Lots more collaboration cross-country. Overseas. With customers. Platform companies

like Google and Facebook dominate what goes on with information—that's why their shares get bid so high. Then companies put together Content Management systems—can you beat that?"

"Loop, you may have noticed that my business card reads Content Specialist."

"Yeah, but you're a writer at heart. Then I finally come to grips with what that term really means. Manage what goes in the bag. They used to call it marketing but now it's about information more than product. Trust the big guys to turn it into a science."

Loop signals for the check and I ask a question. *"You don't like it—the change, I mean?"*

"Don't make no difference what I like. Gotta move with the market. Anyhow, I put the past behind me with the help of my close friend Jack Daniels. You know where that landed me—but that's behind me too." He looks at his smartphone. *"Hey, I got a meeting. Let's have lunch later. Gimme a call. I got the low-down on the Zero Moment of Truth. Good seeing you, John."*

And just that fast, he's gone, and the check still sits on the table.

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NEW INCUBATOR IN TOWN

Seedary Opens in Chicago with New Model

From the Journal of the Heartland Angels – (400 words)
by Jennifer Fortney

NOTE – Heartland runs this information for the benefit of its members, without prejudice or warranty, as an example of a perceived growing trend in Chicago and other cities.

Despite the large numbers of organizations that have popped up in the last five years to help startups, experts say that 9 in 10 will still fail. The reasons stem from bad product or brand, poor management, lack of funding, knowledge deficits, and lack of high quality mentoring and support. Seedary, Chicago's newest incubator, is out to change that with a new approach for select startups. Seedary is a new concept in incubators that takes the risk off the startup.

Spending seed money on office space and programming takes resources away from the business instead of contributing to its development and growth. Serial entrepreneurs and investors Ian Kelly and Joe Donaghy committed to change that by creating a new incubator, investor, and facilitator model. Their mission has grown into a passion to help startups with zeal and drive set up for real success.

"They need to save their financial resources for product, marketing, and growth," says Joe Donaghy, co-founder. *"Our goal is to provide select startups everything they need from concept and development to growth, while spending as little money as possible, and offering all startups a professional meeting and work space that won't break the bank."*

Kelly and Donaghy, along with their network of experienced professionals, will provide mentorship, advice, access to their Startups & Emerging Services Seminars at no charge, as well as seed money to get them going. These businesses will also receive access to professional services such as legal and financial counseling and accounting through Seedary member and Chicago startup VouchedIn, and direct marketing through its partner VendIt.

"Seedary's environment fosters creativity and innovation along with the opportunity for businesses to access the expertise, thought leadership and capital necessary to move their business forward," says Kelly. *"We have a great deal of diverse experience and knowledge to share, and an investing community eager to get involved."*

Seedary also will rent space to going concerns. The next offices are scheduled to open in San Francisco and Southern California by July 2014, and ultimately in 19 U.S. markets in the next few years.

Contact

Visit **www.Seedary.com** to email your pitch or proposal.

To reserve office space please email through the Seedary website **info@seedary.com**, or call 312-772-2997.

Jennifer Fortney, President, Chicago, can be reached at: 773-529-7547 (office) 773-991-8109 (cell) or email her at **jfortney@cascadecomms.com**

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