

## JumpStart Investment Funds Overview & FAQ

JumpStart's three funds represent \$40 million to be invested in high-potential early-stage companies in Ohio. As partners with the Ohio Third Frontier, our funds are dedicated to providing capital to accelerate the growth of tech-based businesses.

We invest in seed-stage companies in high-opportunity technology markets (with a focus on Information Technology and Healthcare) that can attract follow-on capital, create high-growth companies in Ohio and generate strong financial returns.

Key criteria desired for all three funds:

- **Experienced leadership/teams** that are passionate, curious, coachable, collaborative and motivated.
- **Urgent market need** being addressed by the product/service offering.
- **Sustainable competitive advantages** from patents, trade secrets, differentiated business models, etc.
- **Large addressable markets** (ideally \$1B or greater) that are experiencing rapid growth.
- **Capital efficient business models** that require limited capital to commercialize solutions and achieve an exit.
- **Compelling exit potential**, i.e. expectations of achieving liquidity for investors and founders.

Key differences between JumpStart's various funds:

### Stage:

- The Evergreen and Focus funds invest in seed-stage businesses—companies that can demonstrate meaningful progress that validates product feasibility and customer need.
- The NEXT fund invests in companies that have significant market traction and can attract Series-A stage capital.

### Geography:

- The Evergreen fund invests in companies located across the 21 counties of Northeast Ohio. Additionally, \$2M of the \$10M Evergreen fund is dedicated for investments in technology firms willing to locate in the Cleveland Health-Tech Corridor.
- The Focus and NEXT funds invest in companies throughout the entire state of Ohio.

### Minority/Gender Status:

- At JumpStart, we believe firms that demonstrate a commitment to diversity have a greater ability to generate significant financial returns.
  - The Focus Fund invests specifically in minority and women founded/led companies.
  - While having an ethnically diverse and/or gender diverse team is not a requirement for the Evergreen or NEXT fund, companies with diverse teams are highly desired and actively sought out by our investing team.

**How to apply:** <http://www.jumpstartinc.org/apply/>

**Evergreen Fund**

\$10M seed capital fund

**Focus Fund**

\$10M seed capital fund

**NEXXT Fund**

\$20M investment fund

## JumpStart Investment Process FAQ

### How does JumpStart assist entrepreneurs?

JumpStart and its partners provide a variety of resources that work together to accelerate the progress of high-potential entrepreneurial companies. JumpStart's primary resource areas include:

- **Services** – Advisors, mentors and talent recruiters who can help entrepreneurs develop their ideas and grow their businesses.
- **Investment** – Three early-stage funds totaling \$40M that make equity investments in Ohio startups.
- **Connections** – A network of collaborators and service partners that provide additional entrepreneurial resources and investment opportunities, including the 12 other collaborators that form the Northeast Ohio Entrepreneurial Services Program (ESP) Network.

### How do I apply for JumpStart services and investment assistance?

If this is the first time you've connected with JumpStart or one of our network collaborators, the process begins by filling out our on-line application. To apply, visit

<http://www.jumpstartinc.org/apply/>.

Filling out this online application begins a process that allows us learn more about your business/idea and determine how best to help you. If you have already filled out our online application, please note the following:

- Once you have applied to JumpStart, it is unnecessary for you to apply again.
- If you have previously engaged with someone at JumpStart and would like to reconnect, please contact that individual directly or send an email to [Apply@JumpStartinc.org](mailto:Apply@JumpStartinc.org).
- If you are already engaged with one of our network collaborators (AGBA, Braintree, BioEnterprise, BioHio, Flashstarts, GLIDE, MAGNET, NEOMED, OAI, TBEIC, UARF, YBI) please encourage your network collaborator to reach out to JumpStart on your behalf to share details and to determine the most appropriate next steps.
  - If you would prefer to connect directly with JumpStart, please send an email to [Apply@JumpStartinc.org](mailto:Apply@JumpStartinc.org) and copy your network contact.

### I heard JumpStart only invests in tech companies. What does JumpStart consider a tech company?

JumpStart invests per the guidelines set by the [Ohio Third Frontier](#) (OTF), who have identified both primary and secondary industries for investment:

**Primary Industries:** Software applications for business and healthcare and medical technology (imaging, surgical instruments/equipment, implant devices and regenerative medicine)

**Secondary Industries:** Advanced materials (advanced polymers, ceramics, composites, carbon fibers & nanotubes, specialty metals & alloys), aero propulsion power management, fuel cells and energy storage, sensing and automation technologies, situational awareness and surveillance systems, and solar photovoltaics.

### **I'm not a tech company. Could JumpStart still invest in my opportunity?**

At this time, JumpStart's funds are only investing in opportunities within technology-based sectors defined by [Ohio Third Frontier](#). However, we may be able to help you identify other industry appropriate funding opportunities and/or provide advice on how to accelerate your progress.

### **I am a tech company. Is my opportunity ready for JumpStart investment?**

JumpStart only invests in seed-stage or later businesses ([click here for a blog post and video that provide further insight into the stages of a startup](#)). If you think your business may be too early stage for investment from JumpStart, we may still be able to help you identify other stage appropriate funding opportunities and/or provide advice on how to accelerate your progress.

JumpStart typically invests in companies that have demonstrated meaningful progress that validates product feasibility and a customer need for the product or service. For example, in the case of a software company, \$100K or more in annual recurring revenue is a strong indicator of product-market-fit. For a healthcare company, validation may be demonstrated through compelling clinical data.

### **What does JumpStart consider when evaluating whether or not to invest in an opportunity.**

JumpStart invests in entrepreneurs focused on breakthrough, market-driven technologies that have significant potential to attract follow-on capital, create high-growth companies in Ohio and generate financial returns. Key criteria desired when considering investing are:

- ✓ **Experienced leadership/teams** that bring passion and relevant domain expertise to the venture and are intellectually curious, coachable, collaborative and motivated to succeed.
- ✓ **Urgent market need** being addressed by the product/service offering.
- ✓ **Sustainable competitive advantages** resulting from patents, trade secrets, differentiated features/ business models and first mover advantages.
- ✓ **Large addressable markets**, ideally \$1B or greater, that are experiencing rapid growth (companies pursuing markets less than \$1B can be considered in select cases with credible evidence of rapid growth in the market).
- ✓ **Capital efficient business models** that require limited capital to develop and commercialize products/services and achieve an exit.
- ✓ **Demonstration of a repeatable process** that can predictably generate leads and sales.
- ✓ **Exit potential**, i.e. expectations of creating a great company with a strategy to achieve liquidity for investors and founders.

## Which of JumpStart’s funds is right for my business at this time?

Please see the below table to further evaluate which specific fund might be appropriate for your business.

Basic Table of JumpStart’s Funds

	Evergreen Fund	HTC Fund*	Focus Fund	NEXT Fund
Industry	Tech	Tech	Tech	Tech
Startup Stage	<a href="#">Seed-Stage</a>	<a href="#">Seed-Stage</a>	<a href="#">Seed-Stage</a>	<a href="#">Series A</a>
Investment size	Initially \$250k	Initially \$250k	Initially \$250k	\$500k-\$1.5M
Typical round size	\$500K - \$1M	\$500K - \$1M	\$500K - \$1M	\$2.5M - \$5M
Instrument	Equity or convertible note	Equity or convertible note	Equity or convertible note	Equity investment
Demographics	All entrepreneurs	All entrepreneurs	Female-led and/or minority-led	All entrepreneurs
Location	Businesses located within the 21 counties of NEO	Businesses relocating to Cleveland’s Health Tech Corridor	Business located in Ohio or willing to relocate to Ohio	Business located in Ohio

## How long does the process take to secure an investment from JumpStart?

Once a company moves into a formal due diligence process with our Investment team, they should expect that this **process will likely take 45 – 60 days**, although this timeline can vary. Companies that move into due diligence are not assured of receiving an investment as the due diligence process involves activities that will inform an investment decision. If during the due diligence process it becomes apparent that a company does not meet the criteria for investment, the due diligence process will be terminated at that time. Note that in addition to investing in tech startups, JumpStart also meets with companies to provide advice and feedback on their ideas, and offer input on investor presentations. These types of meetings are not considered due diligence and are typically conducted prior to, and outside of, the formal due diligence process. This is particularly true for companies that have yet to demonstrate an urgent and compelling market need for their service or product. In such cases, the 45 – 60 day timeline does not apply.

The Investment team’s objective through the formal due diligence process is to devote 150-200 hours to develop a deep understanding of a company’s technology, market, team, progress to date, degree of product market fit and business model validation.

\*\$2M of the \$10M Evergreen Fund is dedicated for investments in tech firms willing to locate to [Cleveland’s Health-Tech Corridor](#).

### **If I am not located in Ohio, can I still apply to JumpStart?**

Yes, you can apply for assistance or funding, however you will need also need to present a compelling reason to relocate your business headquarters into the geography that applies to our funds.

- The Focus and NEXT funds invest in companies located throughout the state of Ohio.
- The Evergreen Fund invests within the 21 counties of Northeast Ohio (i.e. Ashland, Ashtabula, Carroll, Crawford, Columbiana, Cuyahoga, Erie, Geauga, Holmes, Huron, Lake, Lorain, Mahoning, Medina, Portage, Richland, Stark, Summit, Trumbull, Tuscarawas and Wayne.)

### **How does the Focus Fund define a minority/female business?**

The Focus Fund invests specifically in minority and female founded and/or led companies. For the purposes of this Fund, minority means African American, or Hispanic (applying the U.S. Census Bureau definition for Hispanic/Latin American, which refers to a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish Culture regardless of origin).

To be eligible for investment, companies must either be founded by a minority or female who owns at least 25 percent of the company and holds an operating role with the company at the time of investment, or have minority/female senior leadership (COO, CTO, CEO or similar operating role that is fundamental to the company's success) who own no less than 5 percent of the company's outstanding equity at the time of investment. Senior leadership may be either founders or hired-in professional managers, so long as they bring skills and expertise deemed by JumpStart to be essential to the success of the company.

Focus Fund portfolio companies must also show a demonstrated commitment to diverse hiring practices as observed and evaluated by the JumpStart investment team.