October 1, 2021
ONAMI FY22-23 Oregon Science Startup Advancement and Initial Investment Package

Beginning in the Fall of 2021, and with financial support from Business Oregon and the Oregon Innovation Council, ONAMI will provide free consulting to all interested science-based/deep technology inventors and entrepreneurs with technology and IP assessment, market and competitive landscape analysis and early company formation choices. Each year, we will make $25-75K investments, supported by professional services and critical project assistance, in 4-6 very early (pre-company to pre-seed) stage startups with strong follow-on investment and revenue potential.

ONAMI, founded in 2003, is Oregon’s first “signature research center,” dedicated to commercializing scientific discovery into successful new Oregon companies. Since the inception of its first commercialization gap fund in late 2006, ONAMI has invested over $12M in commercialization projects and company investments in multiple sectors including semiconductors, advanced materials, medical devices, diagnostics and therapeutics and precision agriculture. These investments have resulted in many successful companies (three of which are now publicly traded) and over $1.3BM in financial leverage, of which over 90% is private capital investment.

ONAMI currently focuses on assisting (sometimes even starting) Oregon science companies from the earliest stages, providing executive leadership, market research, team building, financial planning and investment fundraising support. Our team consists entirely of successful technical entrepreneurs, angel/venture investors and high-tech executives with decades of R&D and commercialization experience.

What ONAMI is looking for (to start with): Inventor-entrepreneur founders using disruptive technologies to solve important and large customer problems, and who might (including with our help) be able to assemble an management team suitable for building an investable high-growth, high-impact business in the state of Oregon.

What the ONAMI team can provide:
- Technology and IP assessment
- Management team assessment, recruiting, introductions, planning
- Technology licensing assistance - review, negotiation strategy
- Secondary and primary market research guidance and support to assess competitive landscape and identify optimum go-to-market strategy
- Regular EIR mentoring of founders and CEO to prepare for successful customer and investor acquisition
- Assistance with SBIR/STTR commercialization plans and capital fundraising materials
- Professional market research, IP development and feasibility project assistance valued at up to $40K (non-dilutive)
- Performance-tranched initial (typically first outside money in) investment of $25-75K in the form of a SAFE (Simple Agreement for Future Equity), with the expectation that this will enable further private equity investment within 2 years
The 4-Step ONAMI Engagement Process

1. **Initial consultation and assessment** with ONAMI President and Executive Director Skip Rung to determine interest and fit with the program. We’ll talk non-confidentially about your product idea, your target market, your competitive advantage, your company/team, and what your next steps and needs are. If it appears that ONAMI is able to help, and if the founder/company is willing to enter into a mentoring relationship (no contracts or agreements yet), then the company will be added to ONAMI’s pipeline and an Entrepreneur-in-Residence will be assigned to look into the opportunity in greater depth. Even if the engagement does not proceed to Stage 2, we intend that you will receive some worthwhile advice and networking introductions at this stage, and will be happy to resume the conversation at a later date if the situation changes.

2. **Opportunity Assessment.** The activities at this stage will include (a) Technical/IP assessment, (b) customer problem/market opportunity/competitive landscape analysis, and (b) potential team/partnership networking. This will be done under a mentoring arrangement with an assigned ONAMI Entrepreneur in Residence, supported by ONAMI’s market research specialist and other professional staff experienced in relevant technical areas, business development and startup fundraising. For clients interested in receiving an ONAMI investment, a free consulting and confidential quarterly reporting (financial leverage, revenue, jobs/headcount – to be anonymously aggregated for impact reporting to Business Oregon) agreement will be signed before moving to Stage 3. If a non-disclosure agreement is needed, it can be negotiated at this stage.

3. **Investment Preparation.** The main focus (although we will also be happy to assist with SBIR/STRTR commercialization plans) at this stage will be working with the assigned ONAMI EIR and other staff as necessary to build the case for investment (including the possible ONAMI SAFE) by addressing key categories of investor diligence expectations. While the most likely focus will be on risk equity capital investors (angel, VC), it may be possible (we have seen it only twice in more than 60 cases) to develop a self-funding operating plan (founder investment, quick and inexpensive time-to-market, good margins on Day One).

The relevant diligence preparation checklist includes:

a. Who is/are the founder(s) - do they have CEO interest and potential? If not, are they willing to share ownership and control with someone who does?
   i. Who else that is highly qualified in the field might join the company in a business/leadership role

b. What is the organization/structure of the company (if already formed)?
   i. Are there articles of incorporation and bylaws?
   ii. Is there a board of directors–what are their relevant qualifications and experience? Are board minutes and other documentation in order?
   iii. Is the company indebted to the founder (or anyone else)?

c. What dilutive funding has the company already received, and on what terms? Will these present problems for downstream investors?

d. What problem does (or might) the technology/product solve?
   i. Are the target markets large and valuable enough to be angel/venture class?
   ii. Does the founding team have business experience in the target market(s)?
iii. Does the founding team have an adequate understanding of the relevant technology and marketplace competitive landscapes and what their advantage is?

iv. What demonstrated potential customer interest or commitment is there?

e. Is there/can there/should there be protectable intellectual property?
   i. Who owns it? If university, have option/license discussions started?

f. How close to completion is the first saleable product?
   i. How has R&D been funded so far, what is funding source (including ongoing university research in support of initial and future licensing) going forward?
      1. Is the case suitable for SBIR/STTR?

g. Are there pro forma financials that accurately reflect business model assumptions and show potential profitability?

h. Is there a website and/or pitch deck? How effective will they be with target investors?
   i. Do the founders/company come across as highly qualified and committed (to this enterprise) on social media, especially LinkedIn?

Stage 3 may also include modest coverage of selected IP and market research expenses by ONAMI, but this is more likely in Stage 4 and after an investment has been made. In the event this diligence preparation goes well (this could be quick or protracted depending on company readiness), ONAMI and company may wish to enter into an investment agreement. This will be a fairly standard SAFE that is intended to be reasonably company friendly, but above all, facilitative for the next round of investment. The SAFE and funded project will most likely be tranched in two segments according to significant value creation milestones. Monthly and final progress reporting and regular EIR mentoring will be required.

4. Ongoing Portfolio Support. After Stage 3 and/or the SAFE-funded project have been completed, the company is part of the ONAMI portfolio and eligible for continued mentoring/networking and the possibility ONAMI-funded/performed professional market research project ($40K or higher value) in order to answer carefully formulated strategy and business model questions.

Ready to get started? ONAMI Director Skip Rung looks forward to hearing from you.

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