

CONNECTICUT INNOVATIONS



Frequently Asked Questions

General

1. What is CI?

Connecticut Innovations is the leading source of financing and support for Connecticut's innovative, growing companies. We provide equity to support startups, debt to support established companies, and grants to help small businesses with new innovations. The state's venture capital fund and lender, we are also one of the most active investors in early-stage companies in the country.

2. Are you a state agency?

CI is a quasi-public entity, which means we are essentially public, but are under private control. In other words, although we are considered part of the state, we operate more like a corporation than a state agency.

3. Who does CI serve?

Innovative businesses of any size that are either located in Connecticut or are willing to move here.

4. Who does CI partner with?

To help companies grow, CI primarily partners with other venture capital funds, angel investors, Connecticut banks, large businesses and universities.

5. Do you have programs for women/minorities?

Our programs are for anyone with a viable business idea.

Equity

1. Do you focus solely on technology industries?

On the equity side, yes, we primarily make investments in IT, bioscience, medical devices, clean tech and advanced manufacturing—Connecticut has particular strengths in these industries. These are also areas that generate technologies with strong commercial potential that the market is demanding.

2. What do you look for when making an equity investment?

We evaluate several factors. We want to see a solid team, a strong idea with real barriers to replicate and a significant and growing market for your technology-based product(s) or service(s), among other things.

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3. **What is your process?**

Our process typically begins with a telephone conversation between you and our intake professional, who will determine if there is a potential fit for your company with any of our funds. From that point on, the process is slightly different for each fund. You will likely be asked to complete a short application and send that in along with a business plan. One or more members of our investment team will work with you and lead the internal review of your application. Following our due diligence, and assuming that our team supports an investment in your company, we will present the investment opportunity, along with our funding recommendation, to members of Connecticut Innovations' Investment Committee. The committee, which meets monthly, makes the final funding decision. Following an approval, we draw up and execute a funding agreement.

4. **Do I need a full business plan or is an executive summary enough? Financial projections?**

An executive summary is fine for an initial review, but we will need a full business plan with 3- to 5-year financial projections to complete our review.

5. **Do I need a complete management team? Board? Group of advisers?**

No, but the gaps in the team should be identified and your willingness to fill those gaps should be noted. Having a strong and experienced board and/or group of advisers is extremely valuable.

6. **Do you invest in the same way as a private venture capital firm? Do you have separate requirements because you are part of the state?**

Our review process is very similar to that of a private venture capital firm. Likewise, the terms of our investment agreement are similar, except that we have some additional requirements, such as our Connecticut Presence provision. Under that provision, your company (or its successor) and each subsidiary would have to maintain its principal place of business in Connecticut, base a majority of its employees and those of its subsidiaries in Connecticut, base its operational functions (including customer service and research and development) in Connecticut, and conduct a majority of its administrative functions in Connecticut.

7. **Do you typically lead investments?**

It depends. Because we are an early-stage investor and our goal is to catalyze investments in Connecticut, we tend to lead a majority of the investments we make, but we prefer to invest alongside other qualified investors.

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8. Will you invest in service companies? How about apps?

We do not make equity investments in service companies. While apps are interesting, CI needs to understand and see the ability to monetize a user base, and this is difficult to demonstrate with most apps-based companies.

9. What are the terms of CI's money?

We don't have a set of terms where one size fits all. We deal with each company on an individual basis, negotiating equity stakes and other terms based on the level of risk and the size of our investment. The exception is our Pre-Seed Fund, which has a standard set of terms and conditions in the funding agreement.

10. Are you return-focused or job-focused?

CI has a double bottom line in the investments we make; we look for the ability to make returns from our investments as well as job growth. This compensates us, and the state, for the risk we take.

11. I heard that one of your portfolio companies just went out of business. How do you justify your investment to the taxpayers?

CI takes educated risks. Because we are trying to cultivate new and early-stage companies, our investments don't always succeed. Our mission is to drive the growth of technology companies and the technology economy here in Connecticut, and that's good for taxpayers.