



# VIRAL Training

October 2018

# Agenda

- Part 1: Overview of MTI & Strategic Changes
- Part 2: VIRAL Framework: How to Use It & How MTI Will Use It
- Part 3: VIRAL: Partnering Together

# Today's Goals:

- Hear about changes to MTI's evaluation, application and investment processes
- Learn or strengthen your knowledge of VIRAL assessments and MTI's use of VIRAL
- Acquire skills and materials to train your own staff and networks on VIRAL assessment through the train the trainer model
- Improve your understanding of who to refer to MTI, and gain confidence in the referral process

# Overview of MTI

## Steve Case: **The Third Wave**

*“... it will always be government that defines – either through action or inaction – the environment in which entrepreneurship operates. At its worst, a hindrance creating maddening obstacles. At best, creating an environment where innovation and entrepreneurship thrive, not by providing the certainty of success, but by mitigating risk and expanding the scale of opportunity.”*

## Our Core Mission

To diversify and grow Maine's economy by encouraging, promoting, stimulating and supporting innovation and its transformation into new products, services and companies and, ultimately, the creation of quality jobs for Maine people.

# MTI's Impact

**Significant Economic Impact**  
via Employment, Add-on Investments,  
Property Value, and Revenue Acceleration

**\$1 billion**  
matching funds

**\$260 million**  
deployed since 2000





# FY18 Impact

- **\$58 Million Disbursed**
  - **\$45 Million Maine Technology Asset Fund (MTAF) Program**
  - **\$7 Million Marine Fund Bond**
- **\$45 Million MTAF Bond**
  - **18 Investments**
  - **5,350 Jobs**
  - **\$1.4 Billion in Economic Impact**

**Also Helped Secure Over \$6 Million in Federal R&D Grants to Maine**



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# Strategic Changes

# About the Transition

- New strategic plan in 2017.
- Listened to a broad constituency to solicit feedback, conducted focus groups
- Clarified our commitment to the innovation economy and the ways in which MTI supports innovation.
- *Creation or retention of quality jobs statewide*
- *Growth and acceleration of revenues*
- *Attraction and leveraging of additional capital or other investments*

# MTI's Goals

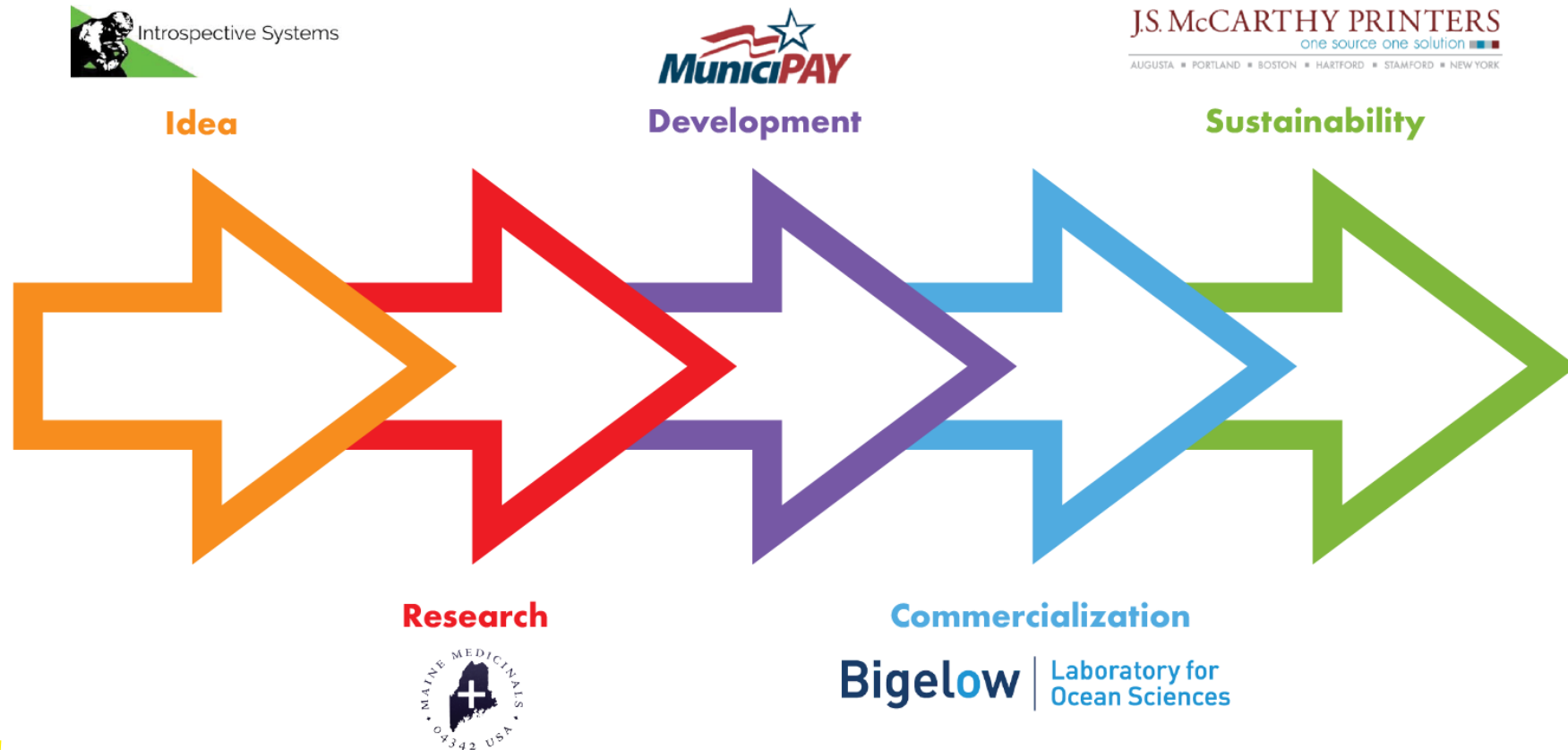
We support individuals, organizations and businesses who share our goals of:

- Creation or retention of quality jobs statewide;
- Growth and acceleration of revenues;
- Attraction and leveraging of additional capital or other investments.

We support new ideas, devices, or methods with the potential to grow and diversify Maine's economy and increase the number of quality jobs throughout the state through direct support of innovators and through support of programs and infrastructure that encourage innovation.

# We Support the Innovation Process:

For 18 years, MTI has funded all phases of innovations developed by inventors in garages all the way up to large public companies, world-renowned research organizations and academic institutions. We also fund the systems and infrastructure – both human and physical- to support the process.



# New! Scope of Funding Can Go Outside of R&D

“The institute is one element of the State's economic development strategy and will contribute to the long-term development of a statewide research, development and product deployment infrastructure.”

*-Maine Statute 15301, Establishing MTI*

We may fund non-R&D activity to accelerate market penetration and growth of companies with new and innovative products in our ‘fit’ area

Idea ➡ Research ➡ Development ➡ Commercialization ➡ Sustainability

# New Processes

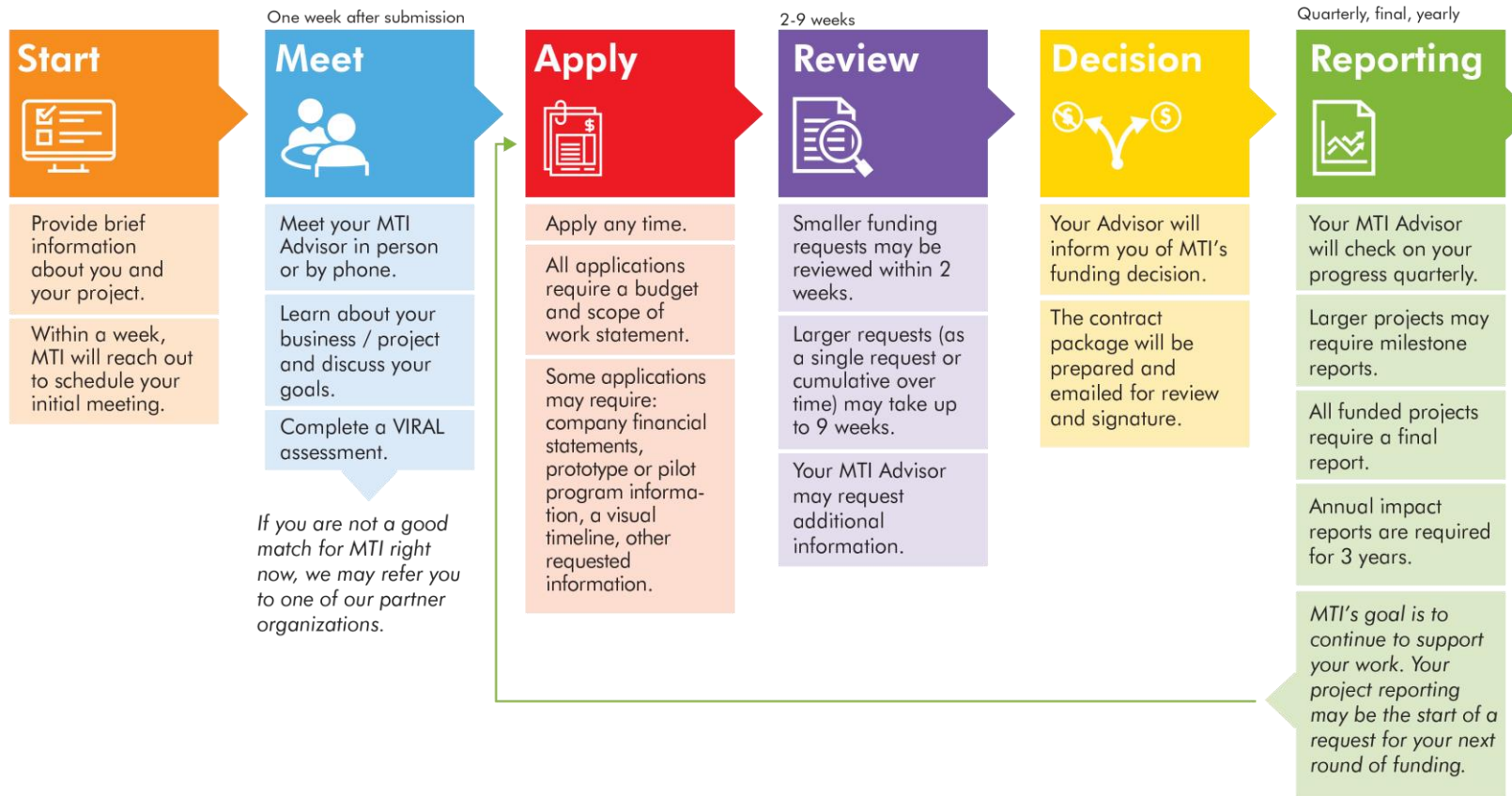


# No fixed programs. No deadlines!

All of our existing programs—including Tech Start Grants, Seed Grants, Cluster Grants, and Development Loans—are being replaced by a fluid system that allows our clients to apply for funds at any time using a rolling schedule.

All supports – whether for innovations in a company developing a new product, service or business model, or an innovation ecosystem organization developing a new program – will use the same process.

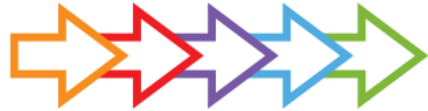
# New Investment Process



# Key Requirements for MTI Funding



**Shared goals**



**Working on the  
innovation process**




**Maine-based  
organizations or work**



**7 targeted  
technology sectors**



**Access to  
matching funds**

An abstract network diagram consisting of numerous orange circular nodes of varying sizes connected by thin orange lines. The nodes are distributed across the frame, with some clusters and many isolated connections, creating a complex web-like structure.

**It's time to play...**

**Fit or No Fit!**

# Fit or No Fit?

Clue #1:

“We’re a company that makes surfboards right here in Maine!”

Clue #2:

We have 10 well paid employees but do not expect to hire more.

Clue #3:

We have an innovative process to make our surfboards best in class!

Clue #4:

We will use multiple technologies to make our product!

The background of the slide features a complex network diagram. It consists of numerous orange circular nodes of varying sizes, interconnected by thin orange lines. These lines form a web-like structure that fills the entire slide, with some areas being more densely connected than others. The overall aesthetic is clean and modern, with a light beige background.

**This company is ....**

**A Fit!**

**Why?**

An abstract graphic consisting of a network of orange dots of varying sizes connected by thin orange lines. The dots are scattered across the white background, with a higher concentration in the top-left and bottom-right corners, creating a sense of connectivity and structure.

Let's try again!



# Fit or No Fit?

Clue #1:

“I have an idea for my existing company.”

Clue #2:

“I hope to build a process for my business to run more efficiently.”

Clue #3:

“I will need to modify my existing equipment to make this happen.”

Clue #4:

“No one else deals with this particular problem in this particular way.”



This company is ....  
**A Fit!**

**Why?**

The background of the slide features a complex network diagram. It consists of numerous orange circular nodes of varying sizes, interconnected by thin orange lines. These connections form a web-like structure that spans the entire slide, with some areas being more densely connected than others. The overall aesthetic is clean and modern, with a light blue background.

# How about this one?

# Fit or No Fit?

Clue #1:

“I process lobster.”

Clue #2:

“I have ten employees and do not plan to hire more.”

Clue #3:

“I need new refrigeration equipment to keep up with current operations.”



# This company is... Not a Fit!

**Why?**

**Who do we refer them to?**

The background of the slide features a complex network diagram. It consists of numerous orange circular nodes of varying sizes, interconnected by thin orange lines. These connections form a web-like structure that spans the entire slide, with some areas being more densely connected than others. The overall aesthetic is clean and modern, typical of a professional presentation.

# And this one?

# Fit or No Fit?

Clue #1:

“I have developed software that everyone wants. No other software solves the problem better than ours.”

Clue #2:

“Economic impact is strong. We need to hire new sales force to penetrate new markets.”

Clue #3:

“To remain competitive my software as a service offering requires initial and ongoing development activity.”





This company is...  
**A Fit!**

**Why?**

An abstract graphic consisting of a network of orange dots of varying sizes connected by thin orange lines, forming a complex web-like structure that frames the central text.

Let's try this one

# Fit or No Fit?

Clue #1:

“I am going make pasta sauce using Mama’s recipe to sell at farmer’s markets.”

Clue #2:

“I’ve been experimenting with chemicals and additives, and this pasta sauce will have a four year shelf life.”

Clue #3:

“I’m not planning to scale to any employees beyond my family.”

A background network diagram consisting of orange dots of varying sizes connected by thin orange lines, forming a complex web of connections.

**This company is...**  
**Not a Fit!**  
**(sorry, Mama)**

**Why?**

**Who do we refer them to?**

An abstract graphic consisting of a network of orange dots of varying sizes connected by thin orange lines. The dots are scattered across the frame, with some having many connections and others having few. The lines create a web-like structure that fills the background.

Don't give up!

# Fit or No Fit?

Clue #1:

“I have an idea for an app! It’s a grocery store list!”

Clue #2:

“I don’t have a team but I have built the app.”

Clue #3:

“I’m not yet on the VIRAL scale but this app will be amazing! I think I could make it a great side hustle”



# This company is...

# Not a Fit!

**Why?**

**Who do we refer them to?**



The background of the slide features a network diagram composed of orange circular nodes of varying sizes connected by thin orange lines. These nodes are scattered across the light blue background, with some clusters and many isolated connections, creating a web-like structure.

Can you get this one?

# Fit or No Fit?

Clue #1:

“I have an idea for a product. It’s still very green.”

Clue #2:

“I have begun working with a research institution on this product.”

Clue #3:

I want to build a big company and my markets are huge, I am beginning to talk to potential customers even though the idea is early.

The background of the slide features a complex network diagram composed of numerous orange circular nodes of varying sizes, interconnected by thin orange lines. These nodes and lines are scattered across the entire white background, creating a web-like pattern that suggests connectivity and a network structure.

This company is...  
**A Fit!**

**Why?**

The background of the slide features a complex network diagram. It consists of numerous orange circular nodes of varying sizes, interconnected by thin orange lines. These connections form a web-like structure that spans the entire slide, with some areas being more densely connected than others. The overall aesthetic is clean and modern, with a light blue background.

# Try this one...

# Fit or No Fit?

Clue #1:

“I am a real estate developer with an empty building on Main St.”

Clue #2:

“It would be great as a a business incubator, so I need some money to spruce the place up.”

Clue #3:

“So far I haven’t found anyone who wants to be a tenant, but I am sure that if we build it, they will come.”



**This company is...  
Not a Fit!**

**Why?**

**Who do we refer them to?**

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Ok, try this:

# Fit or No Fit?

Clue #1:

“I run a co-working space and want to offer some programming.”

Clue #2:

“My members tell me time and again that they need the program I have in mind and they can’t find it anywhere.”


Clue #3:

“I have asked around and no one else is offering this type of program.”

Clue #4:

“I have run the numbers and if we can offer it at the price people can pay, it will help my bottom line.”



A background network diagram consisting of orange dots of varying sizes connected by thin orange lines, forming a complex web of connections across the entire slide.

**This company is...**  
**A Fit!**

**Why?**

An abstract network diagram consisting of numerous orange circular nodes of varying sizes connected by thin orange lines. The nodes are distributed across the slide, with some clusters and many isolated connections, creating a web-like structure. The text "Last one..." is centered in the middle of the slide.

Last one...

# Fit or No Fit?

Clue #1:

“I run an advanced materials lab at a research institution and need some new equipment.”

Clue #2:

“We have received federal funds to buy this cutting edge technology and need match.”

Clue #3:

“Our industry partners are eager to try out the new equipment to understand how it can help them be more competitive in the global marketplace.”

Clue #4:

“We won’t be hiring new people in the lab but our industry partners will if the new technology proves out.”

A background network diagram consisting of orange dots of varying sizes connected by thin orange lines, forming a complex web of connections across the entire slide.

**This enterprise is...**  
**A Fit!**

**Why?**

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# Thank you for playing!

## Questions?

# Referral Opportunity Overview

In and Out Bound referrals -

MTI tracking in and out bound referrals and building system for data-based decision-making

- Ongoing VIRAL training and support
- Opportunity to better support our common clients
- Help MTI understand and track active referrals
- Enhanced understanding of ecosystem strengths and gaps through data sharing

# Referral Overview – THE BIG ASK(s)

If you choose to complete customer contact form with client, please make sure your name and organization are noted on form.

If you complete a VIRAL assessment with a client, please capture the VIRAL score, with any notes, and ensure the client has it for meeting with MTL.

Helps us build a data system that can help us all track client progress, share successes and understand how services are benefiting our mutual clients.



# Part 2: MTI's use of VIRAL- Overview



# Adoption of the VIRAL<sup>®</sup> Assessment tool

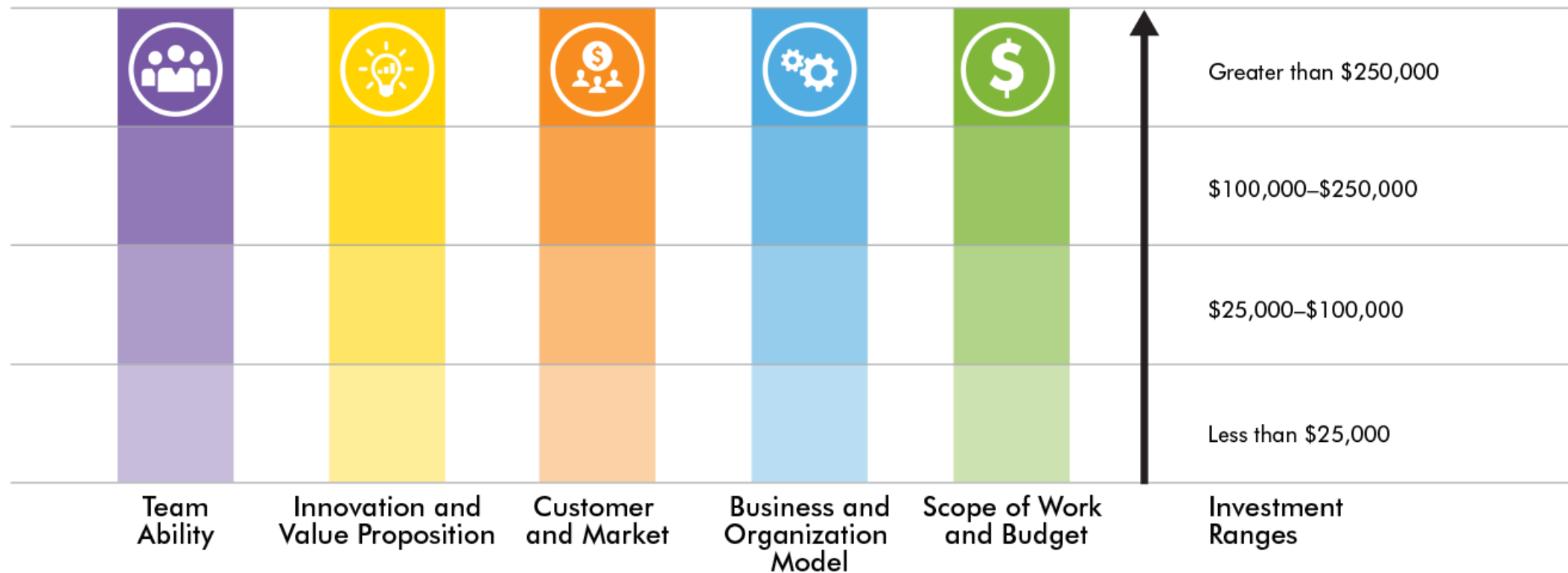
- MTI will use a nationally recognized assessment tool to help our clients assess their strengths and weaknesses to maximize their chances of successfully commercializing their innovation.
- MTI is partnering with Village Capital, the creator of the tool, to customize for better alignment with the Maine innovation ecosystem
- Help us better serve our mutual clients and ‘speak the same language’.
- Anyone applying to MTI for funding will start with this assessment including all entrepreneurs and supporting partners.

# Evaluation: The VIRAL<sup>®</sup> Assessment Guides

## Level of Funding & Type of Work

VILLAGE CAPITAL VIRAL PATHWAY © Village Capital 2017										
Level	Name	Team	Problem and Vision	Value Prop	Product	Market	Business Model	Scale	Exit	Type of funding typically closed at this level
9	Exit in Sight	Team positioned to navigate M&A, IPO.	Global leader in stated vision.	Cited as the top solution in the industry solving this problem.	Product recognized as top in industry.	Clear line-of-sight to industry dominance.	Minimum 2x revenue growth for multiple years.	Strong unit economics for multiple customer segments.	Growth with exit.	Acquirers
8	Scaling Up	Team is recognized as market leaders in the industry	Systems-Level Change validated.	Multiple renewals with low sales effort. Customers in multiple markets love the product.	Strong customer product feedback in multiple markets.	Brand established. Hard-to-beat partnerships for distribution, marketing, and growth.	MOM revenue meets industry standard.	Growth of customer base accelerates month-on-month.	Team has turned down acquisition offer.	Close Institutional VC for Recurring Revenue + Growth
7	Hitting Product-Market Fit	C-suite as good or better than founding CEO and can stay with company through its growth and exit phases.	Impact is successfully validated.	Majority of first sales in target market are inbound.	Product is built for scale and additional offerings in progress.	Sales cycles meet or exceed industry standard.	Business model validated - Validation of strong unit economics.	Evidence of strong unit economics across multiple markets.	Team has strong relationships with multiple acquirers.	
6	Moving Beyond Early Adopters	Team has proven sales, product dev skills, and management ability to support a growing team for scale.	Sales validate impact tied to solution and grow as solution scales.	Sales beyond initial target to solution and grow as solution scales.	Complete product with strong user experience feedback.	Supply/distribution partners see their success aligned with the company's success.	Sales begin to map to projections. Evidence of decreasing CAC with growing customer base buying at target price.	Company has cleared regulatory challenges and (if applicable) is implementing a strong IP strategy.	Team has identified specific acquirer(s) or other exit environment.	Close Institutional VC for 1st Sales, Market Expansion
5	Proving a Profitable Business Model	Team has clear sales/ops understanding and strategy.	Evidence of impact tied to solution-the company has evidence that by growing the business, company solves the problem.	Target customers love the product and want to keep using it.	Fully functional prototype with completion of product for wide commercial distribution in sight.	Team is having conversations with strategic partners to capture their market faster/cheaper than the competition.	Financial model with evidence of valid projections to reach positive unit economics.	Vision and initial evidence of positive unit economics in two markets.	Inbound interest from large strategics.	Close Round with Angel and Early VC
4	Validating an Investable Market	Team has clear understanding of how their target market operates and has strong industry contacts in this market.	The company can articulate system-level change - how this solution would transform the industry.	Evidence of differentiation through initial target customer feedback that the solution solves their problem significantly better than others in the market.	Team has clear understanding of product development costs and how to build the initial product cost-effectively.	Evidence of \$1B+ total addressable market.	Team has financial model with cost and revenue projections articulated and a strategy for hitting these projections.	Initial evidence that multiple types of customers find value in the solution or in an extension of the product that the company is well-positioned to develop.	Evidence of growth trajectory that could lead to IPO, acquisition, or self-liquidating exit.	Angel/Seed Funding Starts
3	Solidifying the Value Proposition	Team has technical ability to build fully functional product and has a clear understanding of the value chain and cost structures in their industry.	The company can articulate why they're the best ones to solve this problem.	Evidence that customers will pay the target price. For B2C - 100 customers, for B2B - 5 customers and conversations with multiple stakeholders in each.	Team has built a working prototype and a product roadmap.	Initial evidence through sales that team can capture initial target market.	Team can articulate projected costs along the value chain and target cost points to reach positive unit economics.	Clear strategy to move to multiple markets.	Initial evidence that the solution already solves the problem better than any incumbents.	Friends and Family, BootStrap
2	Setting the Vision	Team has senior members with lived experience of the problem and/or deep understanding of their target customer's problem.	The team can solve the problem and can articulate its vision at scale - what does the world look like if they succeed?	The team has potential customers who provide evidence that solution solves key pain point - product is a painkiller, not vitamin.	Team has a basic low-fidelity prototype that solves the problem.	Team understands any regulatory hurdles to entering the market and has a strategy to overcome them.	Company can point to pricing and business models of similar products in the industry as further evidence that their revenue assumptions hold.	Initial evidence that multiple markets experience this problem.	Vision for growth has company solving a large piece of the global problem in 10 years.	
1	Establishing the Founding Team	Strong founding team - at least 2 people with differentiated skillsets.	Team has identified a specific, important, and large problem.	Team has identified their hypothesis of their target customer - the specific type of person whose problem they are solving.	Team has ability to develop low-fidelity prototype and has freedom to operate - not blocked by other patents.	Team can clearly articulate total addressable market, the percentage they will capture, and initial target market.	Team has identified an outline of revenue model.	Team has identified multiple possible markets or customer segments and has aspiration to scale.	Team understands what an exit is and has a vision for how they will ultimately provide a return for their investors.	
		Team	Problem and Vision	Value Prop	Product	Market	Business Model	Scale	Exit	Type of funding closed at this level

# As VIRAL Level Increases, Funding Opportunities Increase along with the Level of Due Diligence



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# Thank you!