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Elevator Pitch Tips

An elevator pitch is a short, high-level description of what your company plans to do and why an investor should take the time to learn more.

When to use it

Legend has it that the term “elevator pitch” describes how anxious entrepreneurs would wait in an office building lobby for an opportunity to pitch a VC during the ride up to their office.

While pitching your investment on an elevator ride may result in questionable results, the concept of concisely articulating your business model is key, not only to investors, but also to prospective employees, clients, suppliers and advisors. You can't expect anyone to invest time in your enterprise without getting excited about it.

Your short business description should be used whenever your company is being described for the first time. This includes during introductions when you don't have much time to make your point and at the beginning of long presentations when you have time to drill down on the “5Ws”. Framing the topic in the first slide makes all that follow it easier to understand.

Once you have refined your pitch, ensure that all your ambassadors – your employees (especially new ones), advisors, directors and even friends and family – know how to

describe your company in as consistent a manner as is possible. Make the elevator pitch or business description conspicuous on your company intranet and take time to ensure that everyone talking about your company, and especially all those answering the phone and representing the company at networking events, can confidently recite a concise description when anyone asks.

What to include

It is common for entrepreneurs to say that no-one can produce an elevator pitch for their company because there are so many good things to say about it. Or, because their technology is so disruptive, nobody could ever “get” their value proposition in under a minute.

Yet you only have a minute or less to grab attention and make an impression. If you have a good 30 second pitch, you will have plenty of opportunity to spell out all your attractive points later. This is a key point: the elevator pitch is a brief, high level description of why your investment would be attractive. It is a “bare tree” designed to generate enough

Alex Adams Joins Galvin Corporate Finance

Alex Adams has joined Galvin Corporate Finance to expand our business into assistance with R&D financial incentive programs. Alex has an MBA in finance and is a Professional Engineer and was formerly a funding board member with the Science Council of BC.

He has worked for early stage businesses in a number of different sectors, including mentor relationships through the Odyssey Program of the Canadian Youth Business Foundation, an early stage micro debt/mentor organization.

Alex is currently working with Galvin client Celeres Systems on an IRAP pre-commercialization proposal.

Recent Vancouver Early-stage Software Deals

jaalaM technologies

jaalaM.com

network measurement and diagnosis system

Amount: US\$7 million

Round: 1st (follows US\$1.6 seed round)

Date: December, 2002

Lead Investor: BDC

Other Investors: GrowthWorks Capital

Elevator Pitch Tips Continued

interest to earn an opportunity to add plenty of leaves to the tree later.

Provide a very high-level description in grade 8 English of the pain your market is experiencing, how you will solve it and why your team will be the best to do so.

For example “We make and sell software that [solves this problem] for the [target market] in [this geographic region]. Our management team has a long history of providing solutions to this market and we project sales of \$x million in our 5th year.”

“The [target market] is spending far too much money on [a process] and is looking for ways to cut costs. Our management team has spent x years

solving problems for [the target market] and has created a solution that should have a client ROI within x months. [Our beta clients] are very excited about our progress!”

Pretty simple, right? If your audience is qualified, an elevator pitch should generate plenty of questions like those in our “Investors Top Ten Questions” on page 4.

And that’s the purpose of an elevator pitch – to launch a dialogue that puts the leaves on the tree.

By [David Shore](#)
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“...you only have a minute or less to grab attention and make an impression.

If you have a good 30 second pitch, you will have plenty of opportunity to spell out all your attractive points later.”

BC's R&D Challenge

Canada has a Real Income and productivity challenge. Relative to the US, they’ve both been dropping for over a decade. We need innovation in key areas of our economy which exhibit high productivity. Canada is not spending enough, compared to its Organization for Economic Cooperation and Development (OECD) partners, on Research and Development (R&D) to drive this innovation. In 1999,

Canada was 6th in the G-7 in Business Funded Expenditure on R&D.

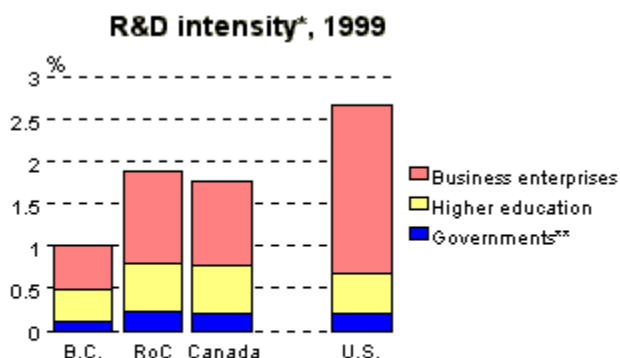
The Innovation Strategy was released by the federal government in February 2002 to address innovation, skills and learning in Canada. Among other important factors,

the Strategy identifies the encouragement of corporate R&D spending as a key tactic to encourage innovation and increase Canadian productivity.

Research and development (R&D) spending in B.C. as a percentage of the provincial output is below the national average. The proportion of manufacturers in B.C. that considered themselves innovators in the 1997–99 period was also below the national average.

B.C. accounted for about 7 percent of all R&D spending in Canada in 1999. The province’s R&D spending relative to GDP (R&D intensity) was 1 percent in 1999, compared with 1.9 percent for the rest of Canada and 2.6 percent for the U.S.

Governments and higher education represented more than 47 percent of total



RoC: Rest of Canada.

* R&D expenditures by performing sectors, as a percentage of GDP.

** Represents provincial and federal R&D expenditures (including federal laboratories in the National Capital Region).

Source: IC calculations based on Statistics Canada and OECD Main Science and Technology Indicators data.

BC's R&D Challenge Continued

R&D spending in the province

The private sector was responsible for about 53 percent of the total R&D spending in B.C., compared with 57 percent for all of Canada and 75 percent in the U.S. The R&D-intensity gap between B.C., Canada and the U.S. is mostly accounted for by lower R&D spending by the private sector and, to a lesser extent, the higher education sector.

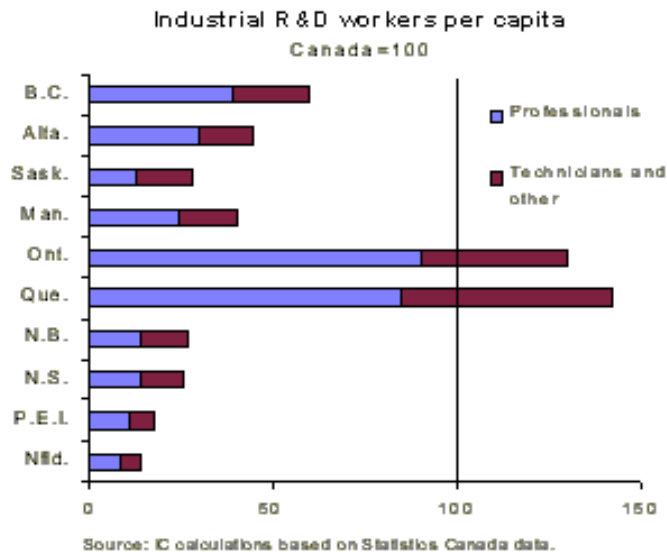
From 1990 to 1999, private R&D spending in B.C. increased by about 6.5 percent per year. In 1999, almost 7 percent of all private R&D spending in Canada was undertaken in B.C.

Innovation is key to improving productivity. On most innovation measures, including R&D expenditures and patent activity, Canada started well back, and its gain, while impressive, has not been sufficient to position it strongly in a North American and international context. It is widely accepted that four key factors profoundly influence innovation outcomes: knowledge, performance, skills and the innovation environment.

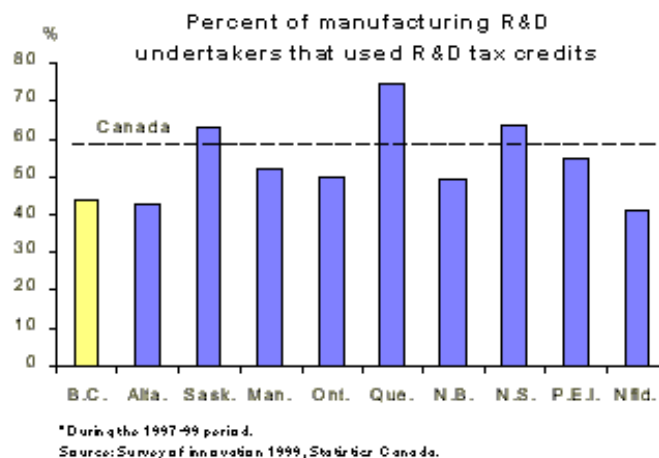
B.C.'s provincial corporate income tax rate is currently 13.5 percent. The combined federal-provincial corporate income tax rate is 39.6 percent. As a result of the already announced federal tax cuts, the combined tax rate will drop to 35.6 percent by 2005. This compares very favourably with the 39 percent combined average rate in the U.S.

The R&D tax credits provided by the provincial and federal governments reduce the after-tax cost of \$1 of R&D spending to about \$0.45 for large businesses and to about \$0.47 for small ones (based on 1999 tax rates). This compares favourably with most American states, where the after-tax cost of \$1 of R&D expenditures varies between \$0.52 and \$0.60.

However, for various reasons, including



non-eligibility of certain expenditures, relatively high claiming costs and negative taxable income, not all R&D undertakers are using the R&D tax credit programs. According to the Survey of Innovation 1999, about 44 percent of manufacturing R&D undertakers in B.C. have used federal or provincial R&D tax credits during the 1997-99 period. This is almost 15 percent below the national average. A further challenge will be to streamline these tax credit programs.



By [Alex Adams](#)
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Investors' Top Ten Questions

What are some of the key questions to expect from investors? Here's a top ten list:

Number 10

How much funding is required and where will this round get you?

Number 9

How many clients do you need to get to profitability? What is your sales cycle?

Number 8

Who is your competition and why will you do better than them. (Don't simply say we are smarter than them!)

Number 7

How big is your market? What do you project sales to be in your 5th year?

Number 6

What are your key financial assumptions like price, take-up, client ROI, use of investment capital, etc?

Number 5

What is your intellectual property (IP) and barriers to competition? How will you sustain your competitive advantages?

Number 4

What are your greatest risks and how do you plan to mitigate them?

Number 3

What problem are you solving and how does the client measure the value of that solution?

Number 2

Who are your clients? (The only one with a vote as to whether or not a product has merit is the client.)

Number 1

Who is on your management team – who has “been there and done that”?



About Galvin Corporate Finance

Much has changed with the way investors screen opportunities; some rules have changed and the focus on third-party validation and due diligence on execution has intensified dramatically.

What has remained constant is the need for entrepreneurs to juggle the time-intensive money raising process with the required focus on the business development activities that will make an investment attractive.

Galvin Corporate Finance assists emerging IT companies with the process of raising private equity,

debt and government assistance for growth while enabling entrepreneurs to keep focused on their business.

Services include:

- SRED claims
- IRAP proposals
- Financing Plans
- Business Plans
- Presentations
- Presentation Practice
- Due Diligence Prep
- Marketing to Investors
- Deal Structure
- Negotiations
- Closing

Recent clients include

Celeres, Univeresco, Payroll Guardian, TAP Ventures, Crystal Quartz Canada, Aggredata and CIBC Investment Banking.

The principal of Galvin Corporate Finance is David Shore who has 12 years of experience in mid-market mergers and acquisitions and raising debt and equity investments. David has a broad network of lenders and equity investors in Vancouver, Seattle and Toronto, and has recently closed financings in this rather cool investment market.

For more information call 604 614-5498 or write info@galvincorporatefinance.com

“What has remained constant is the need for entrepreneurs to... focus on the business development activities that will make an investment attractive.”