



COVID-19: Opportunity and Adversity in the Funding Landscape

Venture Law Meetup Webinar

July 31, 2020

Presenters



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“Economic fallout from the pandemic has been astonishing, from widespread business shutdowns to historic levels of unemployment to stalling deal flow. And it remains uncertain how long the disease and its economic impact will linger.” Pitchbook

(<https://pitchbook.com/news/articles/coronavirus-forces-venture-capitalists-to-follow-new-script>. June 2, 2020).

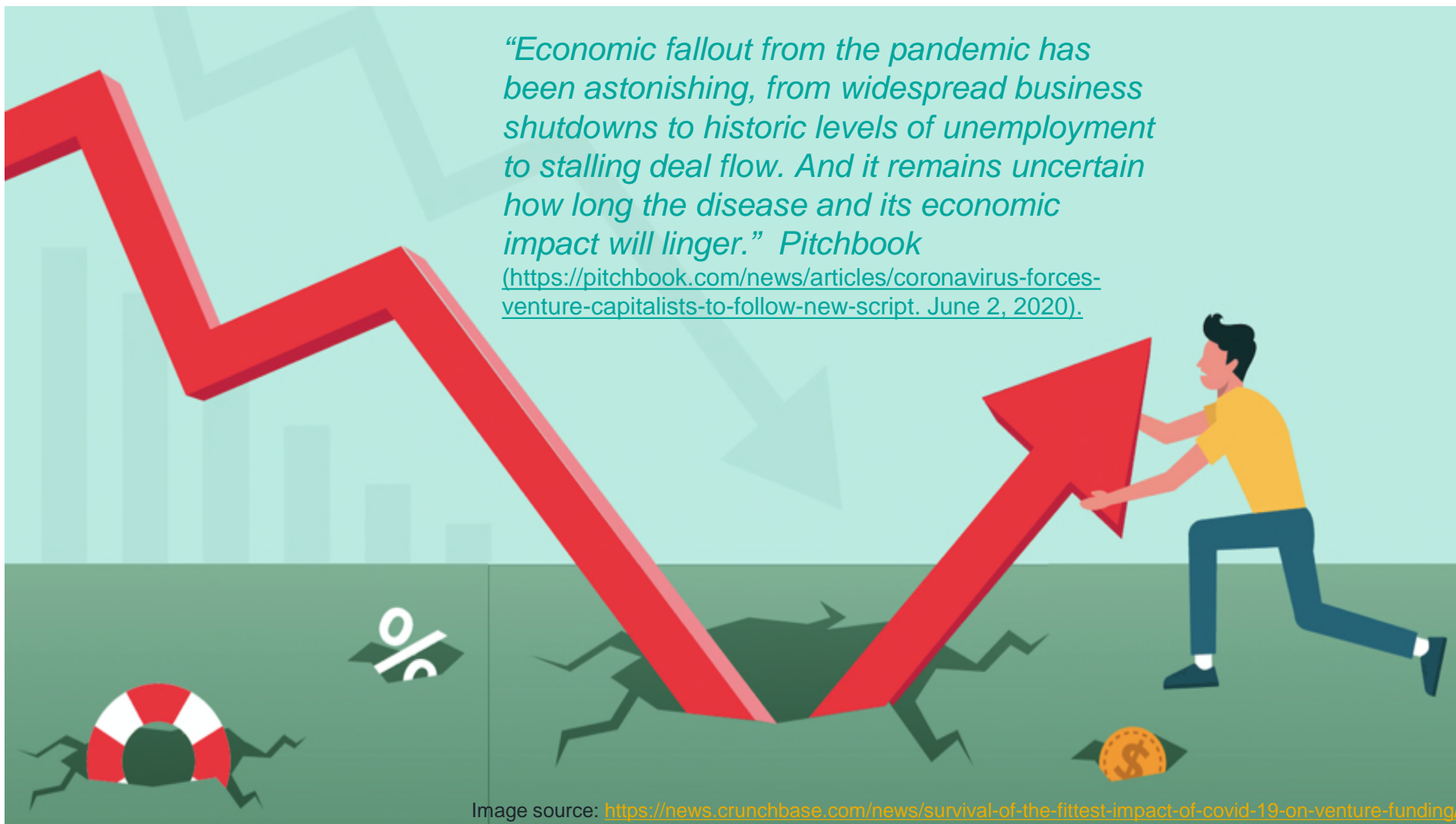
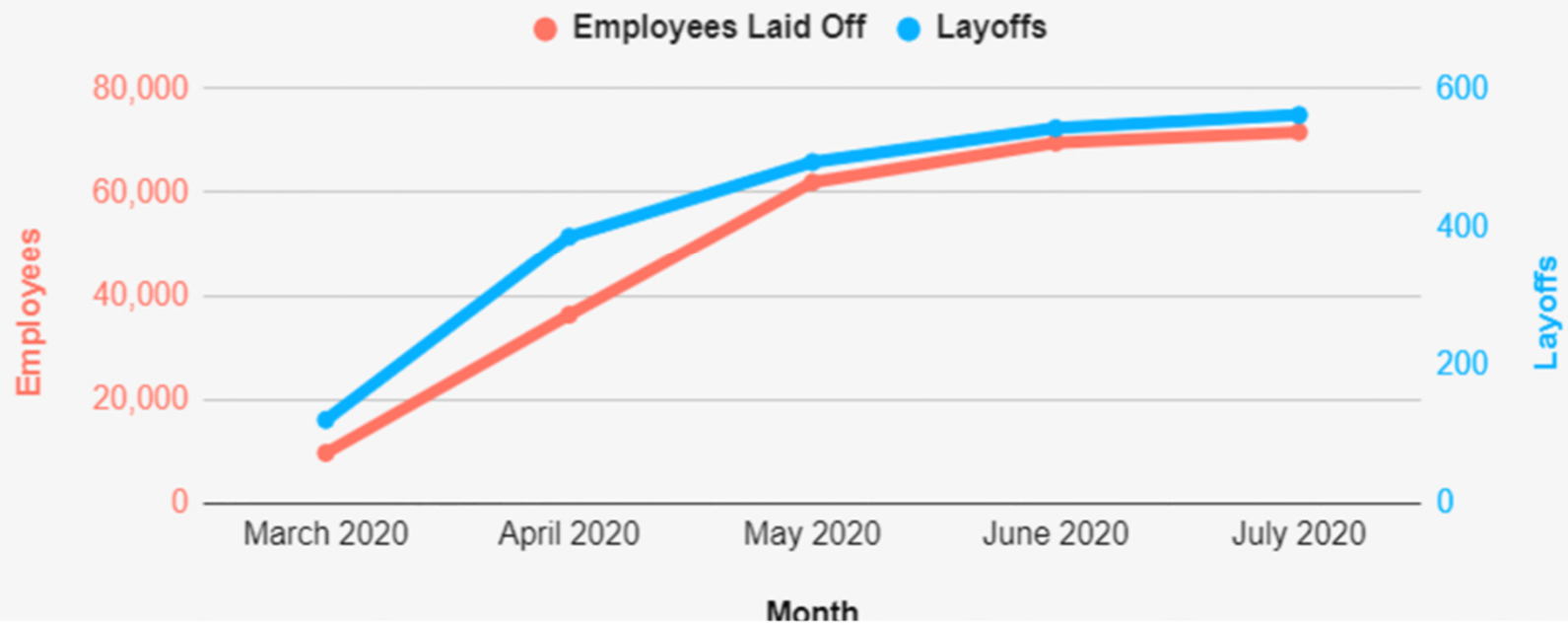


Image source: <https://news.crunchbase.com/news/survival-of-the-fittest-impact-of-covid-19-on-venture-funding/>

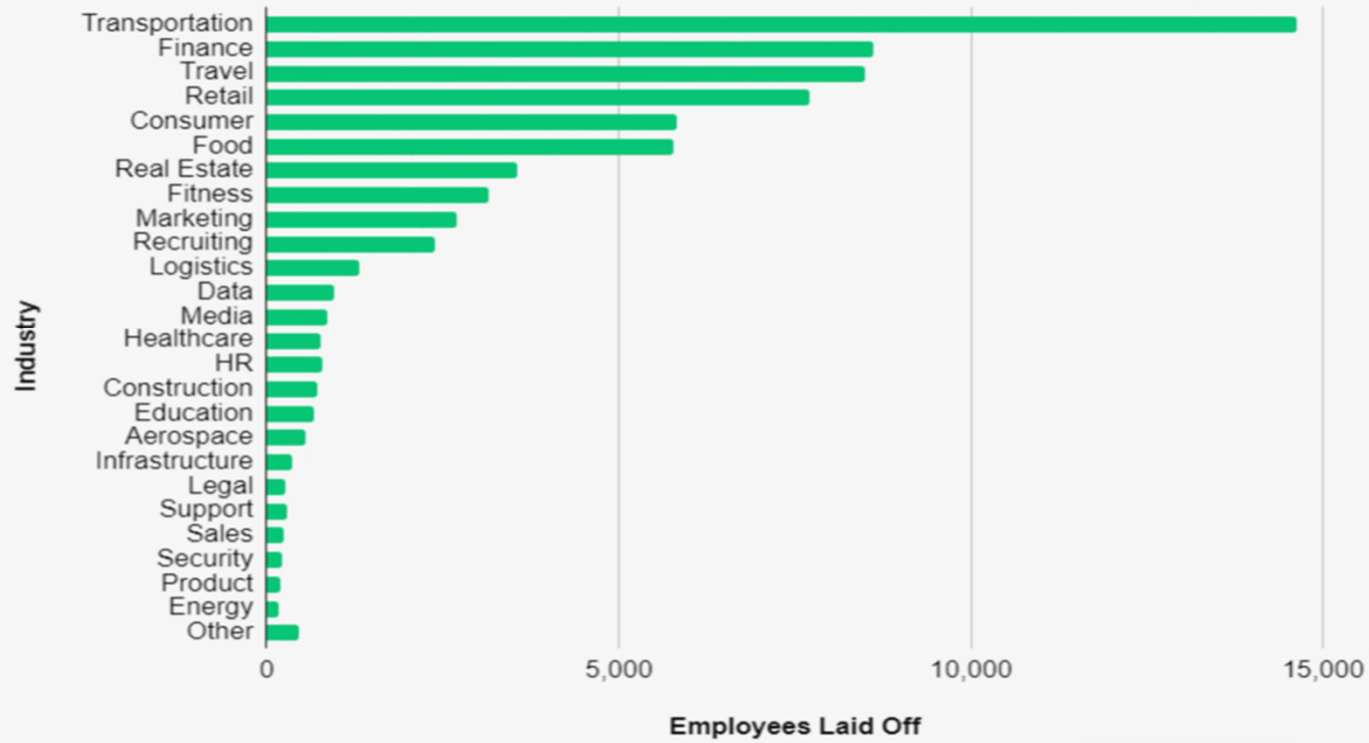
Cumulative startup layoffs since COVID-19

Source: <https://layoffs.fyi/tracker>



Startup layoffs by industry since COVID-19

Source: <https://layoffs.fyi/tracker>



Types of Investors

Angel Investing

Venture Capital

Private Equity

**Corporate Venture
Family Office
Other Investing**

How Are
Investors
Responding
to the Current
Market
Environment?

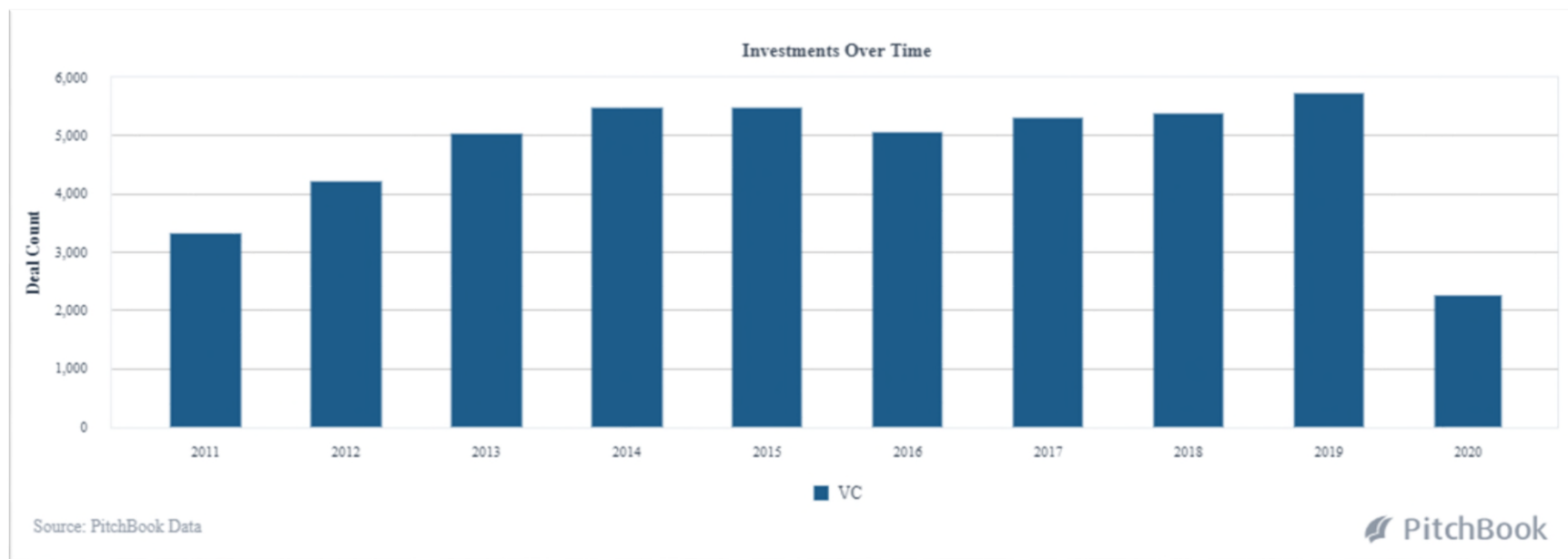
Stock market's wild 2020 ride



SOURCE: FactSet

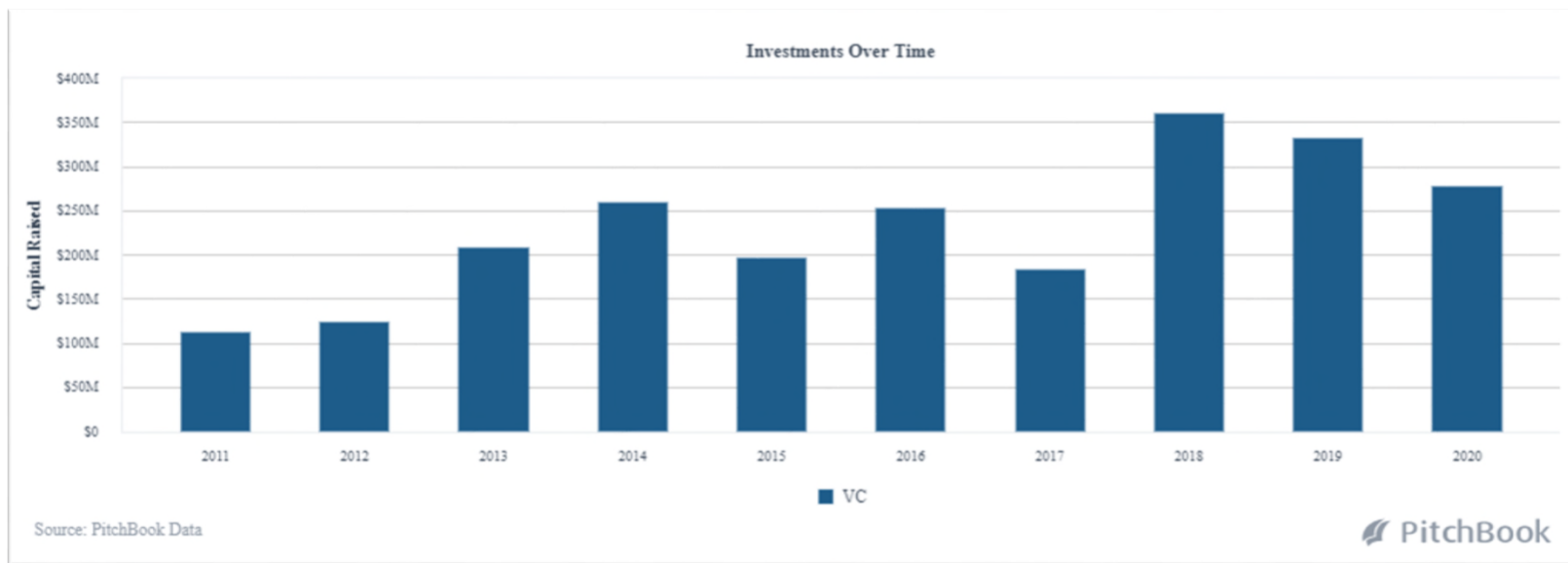


Investment in US



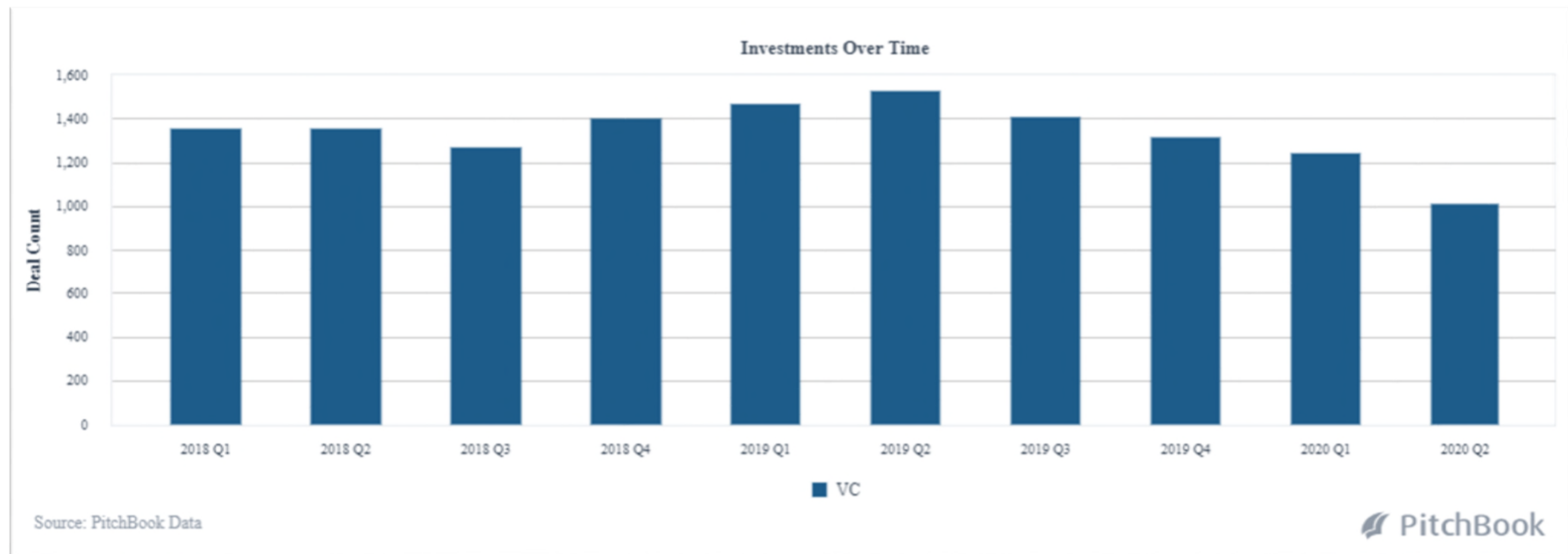
Series Seed, A and B Deals in for companies with US HQ since 1/1/10

Investment in Ohio



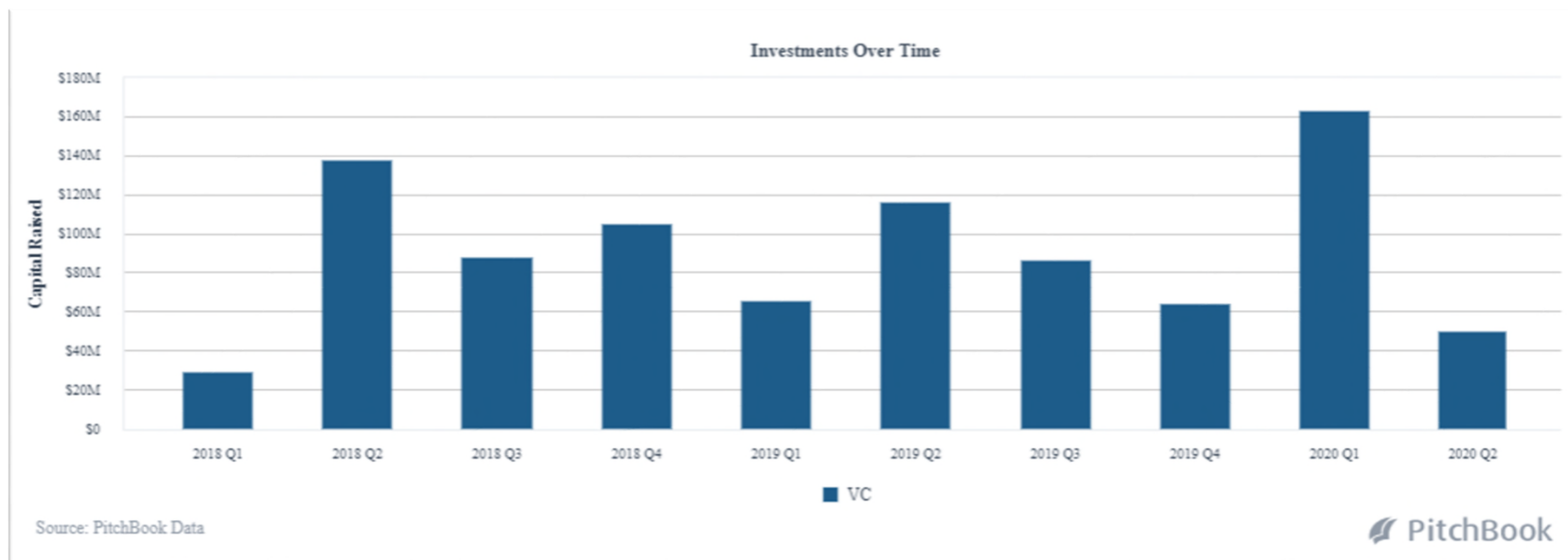
Series Seed, A and B Deals in for companies with Ohio HQ since 1/1/10

Investment in US



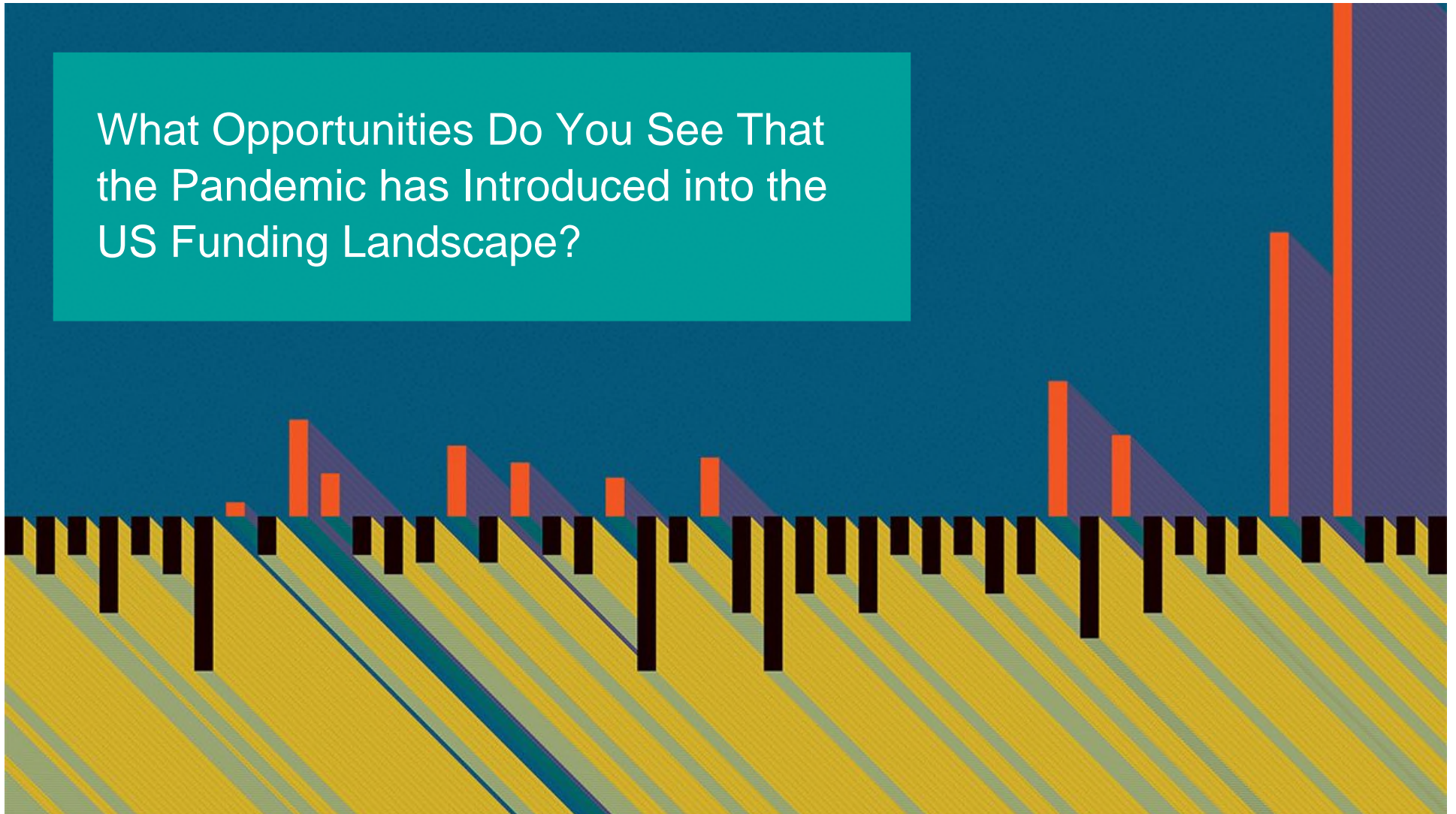
Series Seed, A and B Deals in for companies with US HQ since 1/1/18

Investment in Ohio



Series Seed, A and B Deals in for companies with Ohio HQ since 1/1/18

What Opportunities Do You See That
the Pandemic has Introduced into the
US Funding Landscape?



Pandemic Driven Opportunity

- Non-Dilutive Funding Sources

- Government Funding
 - PPP Loans – Over 8,000 privately backed companies received billions in PPP loans
 - EIDL Loans
 - COVID-19 related grant opportunities
 - Main Street Lending Program
- Debt
 - May be cheaper than lowered valuation

- Dilutive Funding Sources

- Venture Capital Funds
 - “Mandates” to invest and put the money to work
- Angel Investors
- Family Office
- Private Equity

Pandemic Driven Opportunity

- Bargain Shopping
 - M&A
 - Technology / IP Acquisition
 - Talent Acquisition
- Pandemic Driven Tech Opportunity
 - Healthcare
 - Testing, treating, vaccines, laboratory and hospital tech, public health
 - Digitization Opportunity
 - Services that support continuity initiatives – enterprise productivity, childcare & education, food service & delivery, health & wellness
- Digital Conferences & Investor Partnering
 - Meeting investors is easier & harder



What Pitfalls
or Challenges
Have Been
Introduced to
the US
Funding
Landscape?

Image source: <https://pitchbook.com/news/articles/11-big-things-pandemic-chaos-could-shake-up-vc-pe/>

Pitfalls and Challenges

- Investors “Froze” in March / April / May
 - System shock
 - Triage
 - Assess portfolio needs
 - Assess new landscape of “success”
 - Opportunity with the rebounding public market
 - Close deals that were in the works before March 22
- Investors Began to “Thaw” in Late June / July
 - Digital due diligence is hard
 - Rely on pre-existing relationships
 - Being an “investible company” is a higher / different standard
 - Deal terms shifting in favor of investors



Questions & Answers

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September Venture Law Meetup Webinar



- **Topic:** Curating, Growing and Monetizing your Company's IP
- **Date:** Friday, September 18, 2020
- **Time:** 1:00 p.m. EDT

A group of people are gathered around a wooden table, engaged in a collaborative activity. One person is holding a tablet, while others are looking at papers and documents. On the table, there is a white coffee cup on a saucer, a dark brown coffee cup, a smartphone, and several sheets of paper with blue lines. A purple semi-transparent box is overlaid on the right side of the image, containing the text "References and Resources".

References and Resources

Squire Patton Boggs – COVID-19 Resources

COVID-19 continues to impact businesses globally, posing changes and challenges in your day-to-day operations. Please utilize the resources below from our firm to stay up to date on the latest COVID-19 news and manage related business impacts:

[COVID-19 Resource Hub](#) – 24/7 monitoring and regular updates on current coronavirus legal, regulatory and business continuity issues across our global platform, including how business is responding to potential new and existing ramifications.

[Coronavirus Contingency Planning Risk Assessment Tool](#) – A complimentary mapping tool, including optional contingency planning template. Within 24 hours, you will receive a summary mapping factors your business has not yet considered, together with benchmarking information collated from assessments completed by other businesses.

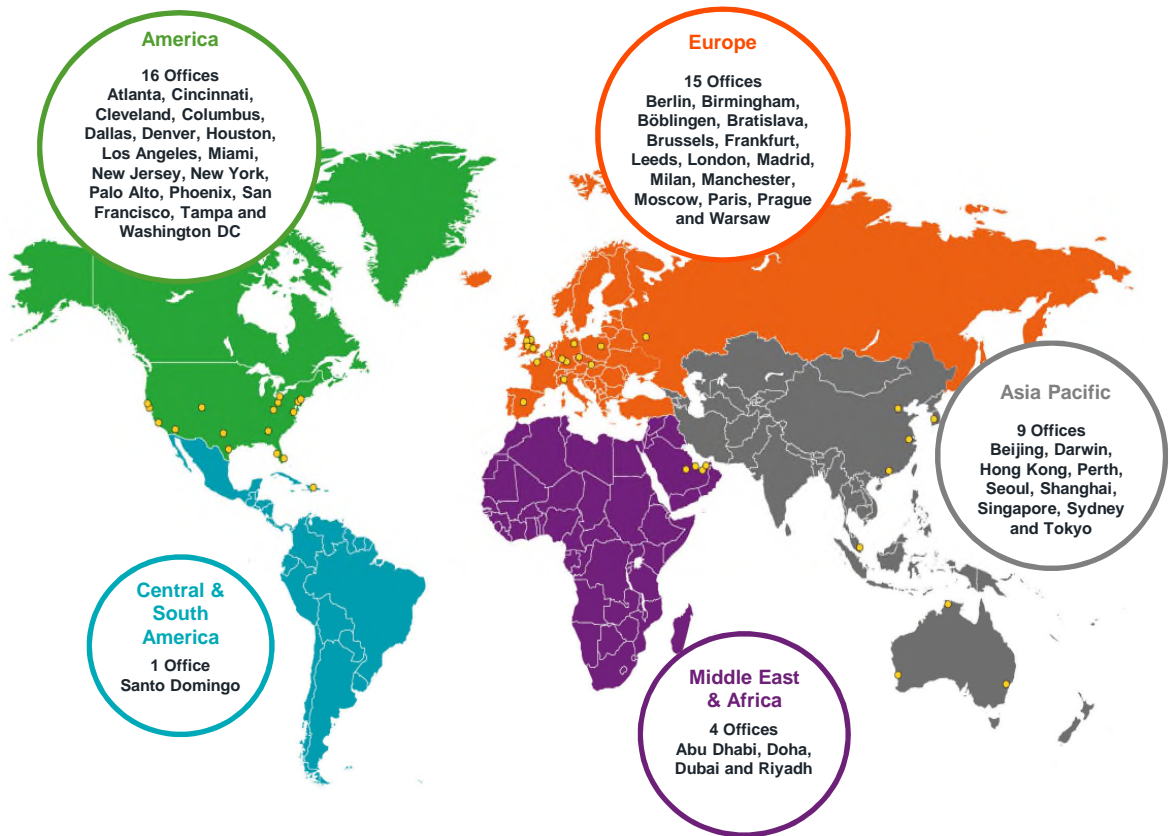
[Capital Thinking Blog](#) – As nations reemerge as the core focal point in the design of public policy, governments around the world are making unprecedented interventions into their economies that will affect business and geopolitics for decades. Capital Thinking helps you anticipate, track and understand how policy developments in Washington, Brussels, London and other capitals can affect your business.

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