



Silicon Dimensions

"Early Design Planning Tools, by Design Engineers, for Design Engineers"

*EDAC East
Funding EDA Start-Ups*

April 7, 2005

Funding EDA Start-Ups



• THE MONEY AND INTEREST IS PLENTIFUL

- ▶ There is more money available than good projects and management teams
- ▶ Deal flow for most Venture Firms is critical
- ▶ LLP Terms are driving more investment – **“Use it or Lose it”**

• THERE IS A BIG DIFFERENCE BETWEEN THE “A” ROUND AND SUBSEQUENT ROUNDS

- ▶ “A” Round is most successful with Firms that have **domain expertise**
- ▶ You will waste a lot of time and energy with “First Timers” in EDA
 - Many Presentations
 - Poor Terms

PLAN ON 2–3 x’s THE ASSUMED TIME FOR FUNDING

Funding EDA Start-Ups



• *THE “B” ROUND IS GENERALLY MUCH EASIER*

- ▶ Proof of concept completed
- ▶ Product in Beta at key accounts
- ▶ A good sense of customer acceptance

• *MANY MORE FIRMS WILLING TO INVEST IN A “B” ROUND*

- ▶ Key valuation tied to Market Traction
 - *Early Adopters*
 - *Tier 1 Customers*
 - *Reference Accounts*

FOCUS ON FINDING THE INTERNAL CHAMPION IN ACCOUNTS WITH A MATCHING NEED - AND MONEY

General Observations for EDA Start-Ups



- ***YOUR PRODUCT OR TOOL MUST HAVE A CLEAR AND IMMEDIATELY DEMONSTRABLE VALUE***

- ▶ Less than “10X” is “Me Too”
- ▶ You must be solving a real problem - - and fixing real pain NOW
- ▶ Realize you’re trying to get a piece of the existing budget re-allocated
- ▶ It’s tough to beat “It’s Free”

- ***BE VERY COGNIZANT OF WHERE YOU FIT IN THE DESIGN CYCLE WITH EACH CUSTOMER***

- ▶ You can waste a lot of cycles early
- ▶ Account qualification is key and becoming an art form

Summary

*FINDING MONEY TO FUND GOOD IDEAS WITH A GOOD TEAM
IS NOT AN INHIBITOR IN EDA TODAY*

*GETTING YOUR PRODUCT ACCEPTED IN THE MARKET
IS A SIGNIFICANT CHALLENGE*

*TAKES TIME AND COSTS MONEY TO GAIN ACCEPTANCE
DESIGN CYCLE ~ EVALUATIONS ~ METHODOLOGY CHANGE*