



FAIRFAX FOUNDERS FUND PROGRAM PROPOSAL

July 20, 2021

Economic Initiatives Committee

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NEED AND RATIONALE

Issues Presented in July 13, 2021 Board Matter (Chairman McKay, Supervisors Foust and Storck):

- Our region's lack of early-stage equity capital inhibits our competitive edge and entrepreneurs the ability to scale
- Female and minority businesses have less access to capital, and diverse founders have traditionally been underrepresented in equity funding

Proposed Response: Fairfax Founders Fund Program

- Targeted fund to support promising companies
- Leverage technology & partnerships to support founders

Goals:

- Grow innovative businesses and jobs internally
- Further develop competitive technology clusters in the County
- Support ONE Fairfax – promote economic mobility

FAIRFAX FOUNDERS FUND - SCOPE

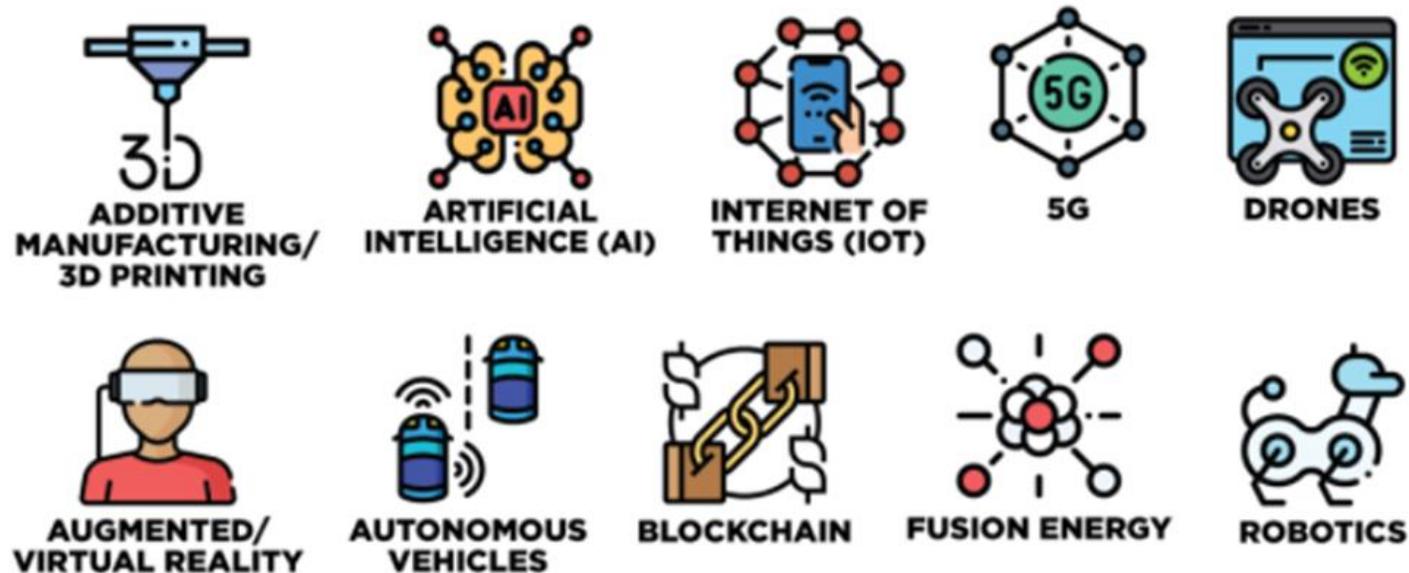
Earlier pre-seed **capital** (via grants) and targeted **technical assistance** to aspiring founders that are on the trajectory to access institutional investment or awards.

- Application review & funding recommended by third party advisory committee
- Participation in technical assistance programs required
- Targeted marketing to underrepresented & diverse founders: women, socially disadvantaged, veterans, minority
- Riskier investments/grants with potential for significant returns

FAIRFAX FOUNDERS FUND

Key emerging technologies in Fairfax County – presented by the Economic Development Authority

EMERGING TECHNOLOGIES



FAIRFAX FOUNDERS FUND - STRUCTURE

Advisory Committee: Comprised of organizations involved in innovation, business development, and industry experts:

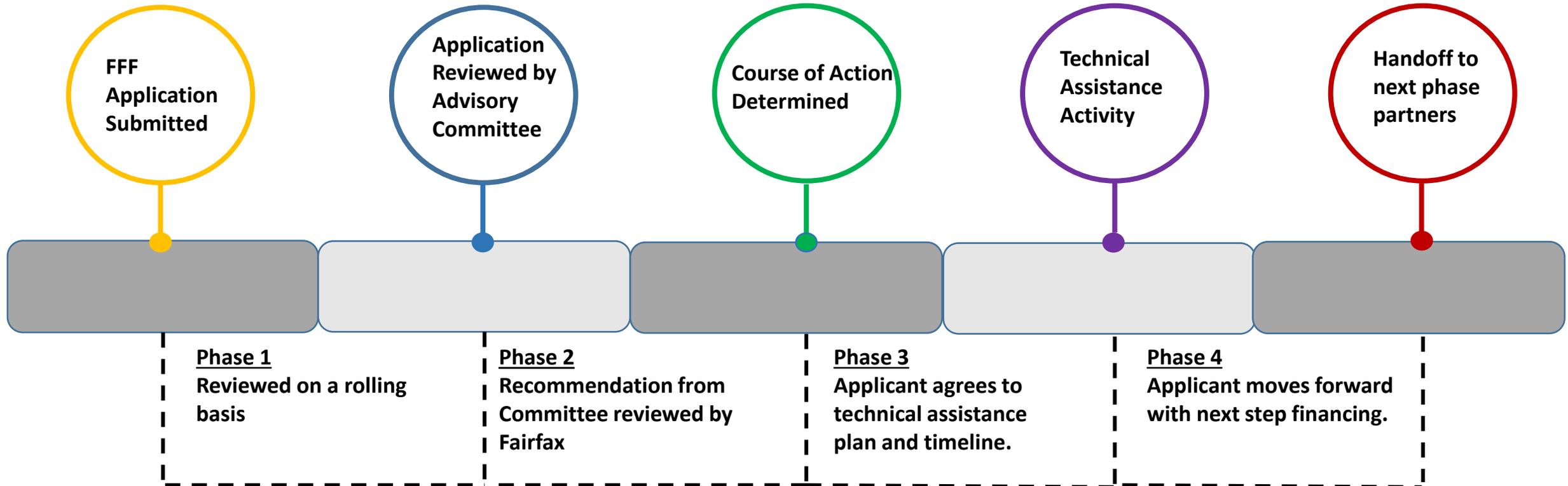
- Review applications and make recommendation on funding
- Assess applicant needs, develop technical assistance plan, support applicants

Technical Assistance Plan & Funding Areas:

- Prototyping Assistance
- Networking & Brand
- IP Strategy
- Market Intelligence & Understanding

FAIRFAX FOUNDERS FUND

Proposed Process Map:



FAIRFAX FOUNDERS FUND – PROPOSED INVESTMENT

Proposed Investment in Year 1 Pilot: \$525,000

- **Includes marketing and engagement**

Maximum amount per approved award: \$50,000

Funding Source: Economic Opportunity Reserve

- **Reserve Award Use (EOR Principal 6):** Programming support for economic development activities, as identified in the Strategic Plan to Facilitate the Economic Success of Fairfax County.
- **Return on Investment / Metrics:**
 - Business growth (employees, capital investment in Fairfax County, revenue/customers)
 - Follow-on funding (angel, venture capital, state/federal awards, institutional)
 - Diverse and underserved businesses engaged and supported
 - Other measures of growth and ROI – to be developed

FAIRFAX FOUNDERS FUND - EXAMPLES

Sample Disbursement 1

- A group of data engineers and data scientists form ABC Co. to take advantage of pattern recognition technology they helped discover. They believe their innovation has market potential, but they have no experience with intellectual property or sales. They utilize the program to:
 - Working with an IP lawyer & law student to negotiate a licensing agreement – \$10K
 - Developing a brand for the new company – differentiating their product/service – \$30K

Sample Disbursement 2

- An entrepreneur has uncovered a need and demand for an improved widget. She knows the regional industry players, but this is her first company, and she has never developed a product on her own. She utilizes the program to:
 - Development of 2 iterations of a prototype (design, manufacturing, testing) – \$30K
 - Research about the global market/ potential customers - \$ 15K

FAIRFAX FOUNDERS FUND - SUPPORT

Discussion with the Center for Innovative Technology (CIT), Economic Advisory Committee (EAC), GMU, Fairfax EDA, Innovation Sub-Committee, and One Fairfax.

“This program fills an important need for start ups. Start up capital, when you don’t have any company revenue, is the hardest hurdle to overcome. This helps solve that problem.”

– Bill Drohan, CEO Southeastern Capital Investment Holdings, LLC, Angel Investor, Co-Chair EAC Innovation Sub-Committee

Connection to the Chairman’s Task Force recommendation:

Help close the racial wealth gap by building ecosystems that facilitate locally owned investment and economic opportunities for BIPOC (Black, Indigenous, and People of Color).

Staff Recommends Supporting Investment, with program details and metrics presented to the Board for approval.



QUESTIONS & DISCUSSION