Crossing the Chasm: Raising VC for “Deep Tech” Startups

Peter Lee
Founding Managing Partner
● $45M Pre-seed and seed stage fund
● Investments between $250k-$2M
● 9 portfolio companies
  ○ Stealth - Cybersecurity
  ○ Jiko - Distributed computing cloud infrastructure
  ○ InVia Robotics – Warehouse automation
  ○ Syntiant - AI/ML semi-conductors
  ○ Stealth – blood diagnostics
  ○ Stealth - 3D printing
  ○ Avro Life Sciences – transdermal drug delivery
  ○ SeqOnce – library constructions for genome sequencing
  ○ Kebotix – AI platform for new material discovery

● My background
  ○ MIT BS/MS – robotics
  ○ 2 VC backed startups – engineering, product management
  ○ Los Alamos National Lab, Microsoft
  ○ McKinsey
  ○ PhD dropout
  ○ MBA Harvard

○ My interest areas
  ○ Robotics/automation
  ○ Advanced manufacturing
  ○ Cyber-security
  ○ Computer-brain interface
Crossing the Chasm - Geoffrey Moore
Crossing the Chasm

The Early Market

The Chasm

The Mainstream Market

Tech. Enthusiasts

Visionaries

Pragmatists

Conservatives

Skeptics
Crossing the Chasm v2

University/Lab/Grants

Due Diligence

R&D
Ph.D./Post-doc/Professor

Startup raising VC

Product & Engineering
Founder/Executive

Embark Ventures
Chasm of Due Diligence

- Defensibility

- R&D to engineering productization manufacturability

- Technology to Value

- Tech/Product, Market and Team
Defensibility

- Ultimately, nothing is defensible forever... but how long of a head start do you have?

- Can it be replicated in a year by a team of engineers?

- Patents, trade-secrets – breakthrough innovation, system-defensibility
R&D to...

• Engineering
  – no “new discovery” – if fact, generally limit the tech
  – can hire outside “non-expert” engineers to execute
  – it works in the “real world” – not just the “lab”

• Productization
  – feature set
  – specs

• Manufacturability
  – costs
  – predictability
  – repeatability
  – assembly line workers can make
Technology to Value

• Market and customer value
  – Market size
  – Benefit over status quo - 10x given change/risk/new
  – While specs are important, its ultimately about customer value - ROI

• Direct competition vs alternatives – Don’t just think about similar tech/approaches. Not about the technology but about the value. Could be a completely different approach to the same customer value-prop