

THE STARTUP PAGE

A look at innovative organizations, concepts, products and people

Marketing

5 Tips For Fintech Entrepreneurs

...according to **Kevin Dinino**, president of **KCD PR**, a San Diego-based public relations and marketing firm that works with financial and technology clients nationwide.

1. Have a clear PR/marketing strategy

Determine your budget and keep it focused, preferably on one or two communication initiatives aligned with your consumer base. Start with "owned" media, ensuring your company's website, staff and corporate social media accounts, office space, business cards, email templates, and any other assets you use to communicate about your business are branded, uniform and reflect your value proposition. Then you'll be ready for "earned" media — news outlets, blogs, trade publications and other platforms that will spread the word about your product... for free.

2. Invest in UX (user experience)

The best products make consumers' lives easier with simple design, smooth functionality and a friendly user interface. Double down on quality assurance — test, test, test your product internally and with friendly focus groups representative of your target audience. Integrate user feedback (particularly the negative bits) to improve subsequent models, and integrate positive reviews into your PR materials.

3. Ironclad cybersecurity

Hacks kill fintechs. New products are always at great risk; as users, investors, and media outlets learn about your product, so will the "bad" guys. Take regulations seriously, and wherever possible, work with regulators to ensure your product is compliant. You'll never be able to "disrupt" an industry that shuts you down before you launch!

4. Crisis communications

Negativity is anathema to entrepreneurs, but bad things happen to good startups. Have a plan in place to respond to every worst-case scenario, no matter how far-fetched, and update it as your product and the industry landscape change. Identify and train spokespeople who can communicate under stress, and alert your team to problems as they occur.

5. Form strong partnerships

Even unicorns need a support system to shine. Meet and stay in contact with reporters, local businesses, and influential bloggers and industry leaders. See the potential for partnerships even among competitors. Consider joining tech or cyber think tanks such as the **Cyber Center of Excellence**, a San Diego-based nonprofit aiming to attract and retain cyber talent.



Kevin Dinino

MAKING IT \$ WAY



Company Avoids VC Funding Route, While Raising \$20 Million in Capital

By SARAH DE CRESCENZO

Earlier in his career, **Leading BioSciences Inc.** CEO **Greg Doyle** started and sold four businesses, raising more than \$60 million in seed and Series A and B funds for his startups.

He went about that the usual way: reaching out to interested venture capitalists. In 2009, he joined **Leading BioSciences** as a member of the board of directors. After serving four years as chief financial officer and two years as chief operations officer, he was tapped this summer to be CEO.

Since then, Doyle has helped the Solana Beach-based biotech raise \$23 million — all in private capital.

The company's lead drug candidate, LB1148, halts multi-organ failure caused by hemorrhagic, septic and cardiogenic shock; multiple Phase 2 clinical trials are ongoing.

To fund **Leading BioSciences'** work so far, "we've taken

a somewhat nontraditional route," Doyle said.

Instead of making deals with venture capitalists, the startup has raised financing solely from private investors.

"This is pretty unusual," said **Avalon Ventures** partner **Jay Litcher**, an experienced entrepreneur and investor in pharmaceutical and biotechnology companies.

"It's somewhat common to raise a seed round from friends and family and other non-VC sources," Litcher said, but raising more than \$20 million without venture capital funds isn't.

The Strategies

Doyle said his guiding principle has been to minimize dilution — that is, to raise capital while forfeiting as little equity as possible.

Getting stockholders involved was the key.

"Everybody's got to be on board because you have to know going into this that this

makes funding more challenging," he said. "You have to be willing to bring more chefs into the kitchen."

The company employed three strategies:

1) **Identify activist stockholders.** "You have to be able to identify and nurture

your stockholder leaders. We have 200 stockholders, but there are clearly 12 to 18 who are not passive investors."

2) **Form a Business Advisory Board.**

"They'll come from very eclectic backgrounds, but the board needs to include the activists I mentioned. This is distinct from a scientific advisory board and the board of directors. In our case, some were doctors, some came from oil and gas, some had M&A experience."

3) **Set up stockholder-led**

syndicates. "These are single-purpose funds with a GP/LP structure (general partner/limited partner). The GPs, the stockholders on the Business Advisory Board, receive a portion of the carry of that fund for going out and raising money."

Leading BioSciences has a trio of such groups that have pulled in \$14 million from dozens of investors — but added only three line items to the company's capitalization table.

While "you can't do this forever," Doyle said, "this worked for us from seed through Series A and Series B."

Sticking with private investors has allowed the company to justify a bigger pre-money valuation, he said.

The company is now raising a \$25 million Series C round.



Greg Doyle

Startup

Spanos Goes for Two: He Adds Accelerator to Convadium

By BRITTANY MEILING

San Diego business accelerator **CONNECT** is launching a diversity-focused startup incubator and accelerator program called **CONNECT ALL**.

San Diego Chargers Chairman **Dean Spanos** said he will house the new incubator in the proposed downtown convention center and football stadium. That is, of course, if the project (Measure C) is approved by voters on Nov. 8.

"I'm excited about the collaboration between the San Diego Chargers and the **CONNECT ALL** incubator for diversity-based CEOs and startup businesses," Spanos said.

"This perfectly embodies the spirit of why we selected downtown as our preferred site for a multi-use facility that is so much more than a stadium. And, we'll have tourists to thank for this opportunity to expand the innovation opportunities downtown."



Rendering courtesy of San Diego Chargers **Should voters approve Measure C, San Diego Chargers Chairman Dean Spanos is proposing to host a new diversity-focused accelerator at the downtown facility.**

Outreach Programs

The new **CONNECT ALL** initiative is to increase diversity among entrepreneurs, executives, and board directors, bridging the gap between underrepresented groups in tech and life science startups. To achieve

that, **CONNECT** will conduct outreach and education to underrepresented groups, recruit diverse entrepreneurs, and offer programming and mentorships as the startups grow.

"Our city is known for tourism, active lifestyles and its innovation economy," said Mayor **Kevin Faulconer** at a press conference announcing the collaboration. "So there's nothing more San Diego than bringing together entertainment, sports and innovation at one location."

The incubator is currently housed in **CONNECT's DeskHub** office in Little Italy, where the project launched earlier this year and will remain if Measure C does not pass.

"**CONNECT ALL**...will continue to execute on its mission regardless of the outcome of Measure C," said **Harid Puentes**, director of **CONNECT ALL**, in an email.

The first **CONNECT ALL** startups include **Spacetime**, **TechMeetsTrader**, **Steeltrader**, and **Say it, Save it**.



Dean Spanos



Harid Puentes