



## Frequently Asked Questions

Over the years, companies have often had similar questions about the MACH37 programs, so we've compiled some information to increase your understanding of the MACH37 experience.

### Organization & Network

#### **Who is VentureScope and what do they have to do with MACH37?**

VentureScope owns and operates MACH37 Cyber Accelerator. MACH37 was originally established in 2013 as a regional economic development effort by the Center for Innovative Technology (CIT) (now VIPC) with funding from the Commonwealth of Virginia. Due to their experience in accelerator operations, entrepreneurship, investment and cyber, CIT asked VentureScope to lead and revamp their operations in 2017. VentureScope acquired majority ownership in 2018 and full ownership in 2020. MACH37 is the first publicly funded accelerator out of Virginia to be successfully commercialized into a stand-alone self-sustaining business and now serves startups, investors, and technical ecosystems across the globe.

#### **What was your relationship with VIPC (formerly CIT) and why is the change in relationship beneficial?**

VIPC, the initial founder of MACH37, has maintained an ongoing partnership with the program since its sale. They are particularly interested in evaluating companies entering MACH37 for potential investment through their GAP fund, which is one of the state's largest seed stage investors. VIPC is renowned for its strong support of entrepreneurship and initiatives like MACH37, making it a significant player in this field.

The transition to VentureScope marked a pivotal moment in MACH37's evolution, leveraging VentureScope's extensive entrepreneurial and global experience. Unlike state-funded programs that often move slowly, VentureScope operates at the swift pace typical of startups. This transition not only infused MACH37 with a wider array of resources and partnerships but also accelerated its operations, benefitting participating companies.

Our ongoing partnership with VIPC offers MACH37 companies the best of both worlds. They have the potential to secure VIPC investment capital while enjoying dedicated support from the VentureScope team, along with access to global partnerships and initiatives such as the Global Accelerator Network (GAN).

**Who are your mentors and are they accessible? Can you please provide specific names, details, etc.?**

Our extensive network comprises over 400 mentors, each with varying levels of involvement. We ensure that every startup in our program has access to this diverse pool of mentors. To facilitate mentorship within each cohort, we categorize mentors into two roles: "Lead Mentors" and "Network Mentors."

Lead Mentors work closely with startups during their cohort participation. They typically hold two weekly meetings with the startups and may also attend accelerator workshops. We encourage startups to collaborate with 2-3 Lead Mentors during their time in the cohort. Network Mentors, on the other hand, are not assigned to a specific company but are available on an as-needed basis. These mentors bring deep expertise in specific areas and can assist startups with topics or connections related to customer discovery, potential pilots, or securing paid contracts. Startups are encouraged to tap into the MACH37 network and collaborate with Network Mentors when necessary.

MACH37 operates as a mentor-driven program, emphasizing the significance of mentorship and access to our exclusive mentor network in accelerating startup growth. To maintain the quality of mentorship, we grant access to mentors only after companies have signed the term sheet and common stock purchase agreement and officially entered MACH37. While we cannot disclose a comprehensive list of our mentors to prevent circumvention of the accelerator process, we can connect you with a mentor who can provide insights into our program and the quality of mentorship it offers.

**How does MACH37 promote networking?**

MACH37 actively fosters networking opportunities throughout its accelerator program. These events cater to a mix of formal and informal interactions, typically drawing 75 to 150 attendees, with attendance varying based on the event type and location. We promote networking through multiple avenues, including events, the Stars Mentor Network, social media, and our broader network. We maintain a distribution list of over 5000 contacts who subscribe to receive updates about these cohort-related events. Additionally, MACH37 actively participates in various industry events throughout the year, often featuring or involving cohort companies. The growing networks of MACH37

cohort companies serve as valuable resources for identifying opportunities in advisory relationships, partnerships, customer connections, team expansion, competitions, and more.

## Success

### **Can you tell me about your success rate?**

Approximately 83% of MACH37 graduates are still operational, and 64% of graduates secure follow-on capital post-graduation. Recent cohorts have witnessed strong performance, with five out of six companies in the penultimate cohort successfully raising follow-on investment. The average seed round raise of MACH37 cohort companies is approximately \$1 million dollars.

### **Who among your past program participants has achieved the most notable success, and would any of these companies be willing to serve as references for inquiries about their experience with the accelerator program?**

We have several successful alumni who are open to providing references. These alumni have undergone the program under the stewardship of VentureScope, and their experiences can offer valuable insights into MACH37's impact. Several leading alumni also return to MACH37 events and sometimes present to cohorts while they are in session.

## Resources

### **What are the details about the accelerator program?**

Our accelerator program is designed to provide a virtual and flexible learning experience to accommodate participants from various locations and with different schedules. The program is structured to have select sessions on specific days each week, primarily in the morning for those on the East coast, to facilitate engagement and collaboration.

We recognize the importance of flexibility, which allows participants to effectively balance their commitments within the accelerator program and the day-to-day operations of their businesses. Assignments within the program are thoughtfully crafted to be practical and applicable, emphasizing applied work over busy work.

Each cohort typically consists of approximately 8 startups, fostering a close-knit and collaborative community. The accelerator program spans a duration of approximately 90 days, during which founders and their teams have the opportunity to gain valuable insights, refine their business strategies, and establish meaningful connections.

**What resources will be available to us?**

MACH37 offers access to a wealth of resources. Primary among these are the dedicated team from VentureScope, a mentor network comprising over 400 individuals, and supportive alumni. We offer a variety of fringe benefits through the GAN Network that include discounts from AWS, Google, SAP, Microsoft, and many others.

**How hands-on are you with companies and how do you deal with creative differences?**

We have transitioned MACH37 into a mentor-driven program. While we are deeply involved, we encourage startups to engage with potential customers, channel partners, and investors actively. We focus on applied learning, where market feedback plays a crucial role in shaping strategies - we firmly believe that the answers to founders questions that will accelerate their growth are in the market. Our goal is to utilize our network and expertise to help founders find those answers, interpret them, and make the best decisions possible. Regarding creative differences, we provide guidance and information, but your company's ultimate decisions remain yours. We believe in the power of market data and the importance of listening to feedback to increase your chances of success. The only disappointment we encounter is when a company assumes it knows everything and neglects market feedback. Investors seek companies that exhibit the capacity to effectively collect pertinent data, derive insights from it, and employ data-driven decision-making and adjustments to propel the company toward achieving product-market fit and facilitating growth and scalability.

**We have a concern about the limited emphasis on Demo Day and raising venture capital. Could you explain your capitalization strategy for startups?**

MACH37 has a different take on the traditional Demo Day model. Over our years of experience running various accelerators, we've found that direct success stories tied solely to Demo Days are limited. We consider Demo Days as sometimes leaning towards innovation theater. To enhance the experience for both startups and the audience, we've been experimenting with formats. For instance, in our recent fall cohort, we allocated 3 minutes for each pitch, followed by a panel discussion with representatives from each startup. This interactive format allowed the audience, mostly comprising investors and potential customers, to ask pertinent questions, delve into technical aspects, and understand the startups more deeply. We received highly positive feedback on this approach and plan to refine our version of Demo Day further.

Regarding raising capital, we are indeed proponents of it. However, we encourage startups not to view the accelerator primarily as a means to raise capital. VentureScope,

the entity behind MACH37, operates as a hybrid consulting firm, venture capital (VC), and accelerator. Our team brings substantial startup founder and accelerator expertise to the table. Early-stage startups that believe they've figured out everything and are solely focused on investment typically face challenges. In reality, most startups need to further refine their strategies and validate assumptions. We appreciate startups aiming to raise capital but emphasize the importance of thorough groundwork, seeking feedback, and addressing the less glamorous aspects of business development. In our extensive experience, few companies entering MACH37 solely for funding were fully prepared. Most benefited from refining their approach during the accelerator program. Doing so de-risks their venture for not only themselves, but also channel partners, early adopter customers, and investors, and increases the chances of raising capital or landing their first customers.

## Investment

**Does MACH37 have relationships with venture capital firms locally or nationally? Can you please provide names, the nature of the relationship, etc.?**

Yes, MACH37 has connections with venture capital firms both domestically and globally. While we cannot provide an exhaustive list, we actively engage with investors and have been fostering relationships with them. Our recent affiliation with GAN also widens the scope of investor access for MACH37 companies.

**What is the deal that MACH37 offers to companies that participate in its program? Will there be financial investment involved?**

Companies that enter MACH37 provide 5% equity to MACH37's parent company, VentureScope.

**Why are shares protected with anti-dilution rights?**

This provision within the term sheet signifies that companies are precluded from indiscriminately issuing shares as a means to dilute ownership. In the event of a conventional capital raise, share dilution may occur in accordance with customary practices associated with organic expansion.

**Can you tell me about alumni that didn't receive investment after or are no longer operational, particularly in the context of the most recent cohort? What was the cause?**

All companies from recent cohorts are still in operation. A variety of reasons led to a few companies not receiving investment after the program, including strength of the

team, response time with investors, and intellectual property challenges associated with raising capital.

### **What is the average check size for investor funding?**

It's crucial to note that while the opportunity for startups in our program to receive funding from investors in our network is a possibility, there is no absolute guarantee of such outcomes. The decision by investors to provide funding to a startup within the cohort is contingent upon a multitude of variables and individual circumstances.

Investors evaluate each startup on a case-by-case basis, considering factors such as the startup's progress, growth potential, market dynamics, and alignment with their investment criteria. As a result, the funding amounts and terms can vary significantly from one startup to another. Our primary focus is on equipping startups with the knowledge, skills, and resources to maximize their growth and investment readiness, ultimately positioning them to attract potential investors and early channel partners and customers. While we strive to create an environment conducive to investment, the specific funding outcomes remain subject to the discretion of investors and the unique attributes of each startup.

### **Does MACH37 have a fund of its own?**

VentureScope does not have a fund, but it is something we are exploring as a future possibility. However, VentureScope may decide to offer an investment in seed to growth stage companies on a case-by-base basis.