



Overview / FAQ

Practical Funding Solutions for Early Stage Companies



Motivational Intent Meets Strategic Effectiveness

K3's Purpose / Mission

In our experiences, we have found that most companies, especially those in early stages, rarely strategize the task of seeking capital in an effective manner. What typically happens is the pursuit of capital becomes a mission of throwing darts through trial and error, which leads to misplaced and inefficient efforts. Furthermore, it is even more rare that companies understand or are familiar with the spectrum of capital funding options. This non-coherent plan to interface with the funding community represents the difficulty of raising capital and the likely event of not getting adequate or appropriate funding.

K3 offers experience and knowledge of the capital funding market, especially as it pertains to early stage companies (companies doing less than \$10M in revenue and / or have not been appropriately capitalized). This market represents a very large spectrum of funding opportunities; however, definitive plans and efforts need to be organized and understood to approach each segment within the investment sector.

K3 has been designed to specifically address the capital concerns of early stage companies and offers a comprehensive, systematic process to aid in this journey from preparation to funding close.

"We've worked with a lot of people that can promise you the world, but not deliver. K3, on the other hand, are as down to earth as they come and let the money do the talking. They helped us extensively with shaping our pitch, preparing the right materials, and tapping into a very tough-to-reach network of angel funds, family offices, and other potential investors. It has been well worth the time and money we have invested with them."

- Ag Pro Exchange, LLC



- ❖ **New Funding Strategies**
- ❖ **Funding Preparation**
- ❖ **Investment Material**
- ❖ **Funding Options**
- ❖ **Capitalization Structure**
- ❖ **Introduction to Capital Sources**

K3

Operating without capital really isn't operating. It's hoping.

"Tom and Mark are a pleasure to work with and have exceeded our expectations. K3 has introduced us to a number of qualified investment groups and we have been impressed with their personal relationships and ability to improve our visibility within these organizations. Their advice on how to position our company in the market and how to pitch our qualifications has been invaluable."

- CEO, Global Velocity Inc.

K3 History

Comprised of a multitude of experiences in the business community including capital raising, M&A, sales and marketing, and corporate expansion strategies, K3 has worked intimately with hundreds of senior management teams in every sector imaginable over the last 30 years. Throughout that time, K3 has assumed many different roles for companies of all sizes ranging from single person startups to multi-billion dollar conglomerates in efforts to achieve some predetermined corporate milestone. Given our background, our passion really lies in orchestrating growth strategies that provide a catalyst for companies to expand appreciably and/or become market leaders within their industry.

Throughout all of our experiences, we have come to really enjoy working with the early stage crowd. The innovation and enthusiasm is unmatched within the business community and the solutions / technology developed can typically reshape or at least disrupt large markets. However, we discovered that nearly all of these types of companies were unable to execute an effective growth strategy without addressing capital concerns first. We also saw that traditional methods of raising capital, such as using broker dealers, were simply not practical (or typically financially feasible) for young companies concerned about cash flow.

Therefore, we redesigned K3 several years ago to fill this void and be a solution for early companies to efficiently tap into the capital markets in a far more cost-effective manner than traditional means. We found that by removing ourselves from the standard investment banker role and not defining our purpose to be simply a 1-off service, we were much more influential to the company and our efforts were much more inline with everyone's overall objective, which is facilitating a meaningful, long-term growth strategy.



If you're not talking to the right people, you might as well pitch your deal to a wall.

"I can't thank K3 enough for their efforts. They brought fresh ideas, effective advice, and a funding solution that fulfilled our needs to take our company to the next level. Their process proved to be efficient, communicative and kept our focus on the task. I'm confident that we wouldn't have been able to do this without them."

- CEO, LeeAgra Inc

K3's Funding Network

The mistake most entrepreneurs make when raising capital is simply talking to the wrong people. It is not effective at all to pitch investors that have no understanding or even interest in your solution, market, business model, etc. Given that, K3 has built an expansive network of investment groups and makes it a priority to align your company with funding sources that can not only quickly grasp your offering but also bring countless benefits to your successful growth.

K3's funding network is comprised of professionally organized groups (we rarely deal with wealthy individuals) who exist for the purpose of formally investing into companies within their parameters. In number and in total the network amounts to over 1,000 located throughout North America. Normally, 25 to 100 of these groups are applicable for any one deal. Specifically, the following applies:

Angel Groups / Super Angel Funds

These groups typically invest in the earliest stages of a company, but have been known to contribute to later rounds. Geographically they are commonly represented in almost every state. Also, many of these groups are associated and share deals with one another. Funding capabilities can range from \$50k to \$5m

VC's / Micro VC's

The bulk of K3's transactions occur with venture capital groups. These groups typically manage multiple funds and operate within set parameters of investment and industry specialty. Most of these groups want to invest at the expansion stage and use their expertise to create market leaders. Capital contributions are typically must faster than angels, but are also far more demanding.



Family Offices

Representing a hybrid between the Angel and VC communities, these groups differ in size, motivations, capabilities, involvement, etc. Many of these groups invest in more established companies that are in later stages, however, recent trends have shown a divergence into the early stage markets.

State Economic Business Development Groups

Although often misunderstood and/or overlooked by companies, K3 has had numerous successes with various state government groups. We are highly familiar with their incentive programs as well as motivations, which are nearly always different than standard capital sources. Anytime a company has the ability to create an additional 5-15+ jobs, we normally consider these types of groups. The programs vary tremendously, but we have active relationships with over 20 states who represent compelling economic inducements to actuate a company's expansion plans. In the right situation, these groups can offer programs and funding that are difficult to turn down.

Some examples include grants, EE training "allowances", corporate / real estate tax forgiveness or deferment, real estate mortgages / build outs / retrofits, and discounted or gifted property.

In nearly every case, these government groups are very quick to "help" in many other ways to your endeavor – positive press releases, finding unknown customers for you, partnering relationships, vendors, governments to become customers, identifying EE needs, etc.



*If you're not looking to grow,
then we're probably not the right
group for you.*

Sectors of Interest

Although industry agnostic, the deals we touch all have one underlying characteristic - the potential for substantial growth and the ability to either disrupt a market or become a dominant player. We purposely only represent companies that can realistically reach a minimum valuation of \$100M within a 3-5 year time frame.

Typical industries include:

B2B / SaaS Platforms (ecommerce, fintech, enterprise IT)

Advanced Technologies (AI, cybersecurity, blockchain)

Healthcare (IT, life sciences, medical devices)

Agriculture / AgTech

Capital Stage – Typically post-Seed, Series A, Series B. We do not get involved with friends & family rounds, but have triggered follow-on investment from such sources. We generally only work with companies that have already conducted some kind of investment round and are operational.

Geography – US and Canada. Can work with companies seeking a US footprint.

Capital Raise & Structure – \$500k-5M is typical. Can do more if needed. Structures include equity, convertible notes, mezzanine, and / or government incentive programs.

Revenue – Can work with pre-revenue, but prefer some kind of market validation.

CAP Table – Seeking a minority stake holder (5-30%)

“I have been truly impressed with the efforts of K3. Not only in their diligent process, which was incredibly thorough and insightful, but in their overall vision of how I can make my company a market leader. They're added value has been immeasurable.”

- CEO, AerialOne, LLC



Preparation and execution of a comprehensive funding strategy

K3 Process

Our efficiency and ability to have an immediate impact on a company's efforts to attract outside capital is a direct result of our process. This systematic and regimented progression is meant to cover milestones over a short period of time based on the company's capability and comprehension.

1. Educate / familiarize

The first several weeks can get very involved. Not only do we need to completely understand the intricacies of your business, but we also have to ensure you understand the landscape and market you are getting into. Your ability to interface effectively with the investment community will be paramount to capturing investment.

Kick-Off Call – The initial call is typically around two hours in length. Many of the high level questions are answered in efforts to build the necessary materials and effectively position the company for investment.

Scheduled Weekly Calls – This is a very popular aspect of our process. We preschedule 16 weekly calls on the day/time that is most convenient to you. These calls are meant to review, make adjustments, discuss, updates, etc. for any current efforts and the upcoming week's activities. Of course, communications occur throughout the week, but this time is dedicated for the previous and is sometimes used as a dedicated time slot for introductions with funding groups to save time. These calls normally run an hour, however it is common that after six weeks they run 30-45 minutes and act as an "operations briefing" to ensure both sides are staying on track with efforts.

"K3's process and approach are very praiseworthy. Even after our 1st call, I thought it was some of the best advice I was ever given and more productive to our funding effort than any previous attempts.

Milestones were clearly articulated and K3 was completely transparent in their actions. I've never worked with a group that was so dedicated to understanding our solution and our overall success."

- CEO, Aglytix LLC



Preparation and execution of a comprehensive funding strategy

2. Preparation

Although many companies feel that all they need is more introductions to funding sources, it has been our experience that nearly all require at least some fine tuning if not complete overhaul. It is our opinion that the reason most companies do not realize funding has much more to do with how the deal is communicated as opposed to the deal itself. Investing is a business, not a hobby; and we see countless failures around those that do not grasp that concept.

Some of the items covered in this stage include:

Investor Material – A “Summary Deck” is almost always created from scratch using input from discussions and any material previously created by the company. This is the primary tool K3 will use to convey the deal to our network and ignite conversations with interested parties.

Deep Dive Conversations – Throughout our entire interaction with a company, we routinely get into ideas and strategies to make the deal stronger and create more impactful communication. For example, we address a company’s strengths and weaknesses in order to be most appealing to investors, thoroughly define business model, competitive landscape, use of proceeds, exit strategy, etc. Our goal is to not only ensure you have an answer to any question that might be asked, but an answer that is compelling to an investor.

Mock Investor Call(s) – Perhaps one of the highlights to our process is a prescheduled call in which we take on the role of fund managers that have never met you and walk through what a typical introductory call will feel like. This call is recorded and critiqued and provides an invaluable tool for entrepreneurs.



Preparation and execution of a comprehensive funding strategy

3. Execution

Certainly the stage where the ‘rubber meets the road’, this is where K3 will orchestrate introductions with applicable funding groups. In nearly every case, K3 will have “pre-pitched” your deal and provided the investor / fund manager with a summary and built enthusiasm for pursuing a conversation.

Brief on Group – Because we want conversations to be as impactful as possible, K3 will provide a complete overview on any upcoming introductions. This includes a walk thru of the group, what they are most interested in, their processes, points to emphasize, etc. If the call does not go well, it is rare if ever that you will get another chance to pitch, so we want to ensure you have the best tools available.

Transparency – Although we are incredibly protective of our relationships within our network, we find it most valuable to provide transparency of the groups we have approached or will be approaching. Often covered on our weekly calls, this effort allows companies to become familiar with their investment market and dive deeper into a group’s interests, criteria, specialties, and previous investments.

It’s important to understand that not every group will have interest in your deal. K3 makes it a point of disclosing any offline dialog we have with investment groups as to why they were not interested. These conversations provide valuable insight as to any weaknesses or red flags in your deal and how we can alter the story to make it more appealing.

Post Introduction Support – After an introduction, we prefer for all communication to happen between you and the funding group. K3 remains on the sidelines to offer advice where needed and encourage interest through offline conversations.



Cost effective solution customized to your needs

“Having worked with similar groups in the past, K3 stands apart in every way. They are the perfect group for any emerging, early stage company and have my highest recommendation.”

- CEO, Azoti Inc

Compensation Structure

We designed our process to be simple, effective, and affordable. Likewise, we made it a point to create the most straight-forward comp structure possible. We charge a flat fee of \$5k / mo for 4 months. There are no hidden costs and the agreement can be terminated at any time with no consequence of further payments.

No Contingencies – K3 does not take commissions or success fees of any kind. We also do not mandate any equity stakes.

Non-Exclusive – Because we do not seek commissions, we do not interfere with a relationship of a funding source. You are also free to raise capital on your own effort if you so choose.

The motive behind our comp structure is to eventually work with valuable companies on a long-term basis, so we do not want to interfere with cash flows or be parasitic to their growth in any way. After the initial fundraising process, we seek to position ourselves within a company and earn small portions of equity (<5%) through various efforts such as orchestrating a growth strategy, business development, M&A, or simply seeking the next round of funding. This kind of engagement occurs on a voluntary basis from the company and is not contingent upon funding.

Because of laws mandated by FINRA and the SEC concerning unregistered agents, we cannot accept any kind compensation tied to the result of funding. Therefore, we cannot work solely on a success fee basis.



(202) 246-4767

www.k3grp.com

tkurk@k3grp.com

K3