

Company-Centric Government Strategy for Silicon Valley Startups

December 2016



CLARK STREET ASSOCIATES

Government Strategy for Silicon Valley

How to think about government strategy:

- Government is usually not your primary market
- Focus is critical for start-ups
- Government funding that enhances your commercial path is GOOD
- Government funding that diverts you from your commercial path is BAD

A great government strategy must:

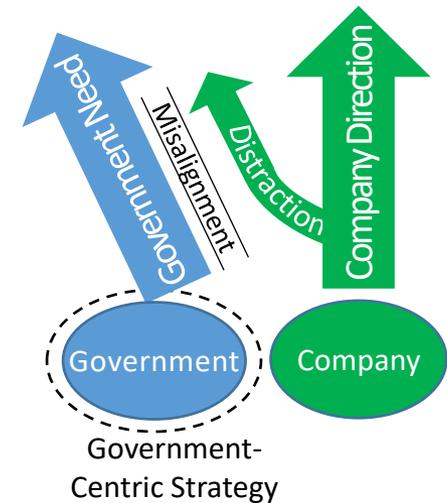
- Add *significant* value to your company
- Not distract from your primary business/technology goals
- Alignment is critical

A great strategy will get the government to pay you to do what you need to do anyway...

A Silicon Valley Approach to Government Strategy

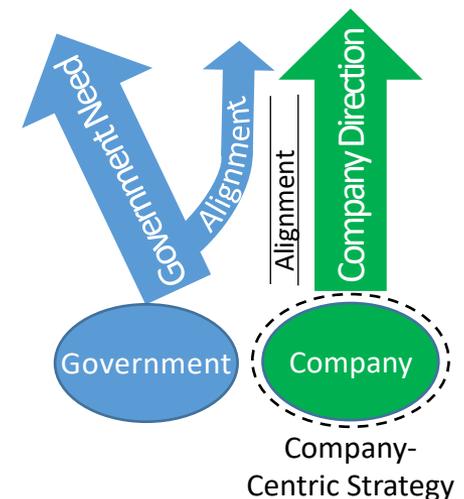
Traditional Strategy: Government-Centric

- Centers on what the government is seeking
- Company adapts to meet the government's request
- Distracting/Low-Value Funding
- Tactical and passive (respond to RFPs)
- Wins come from "sales"



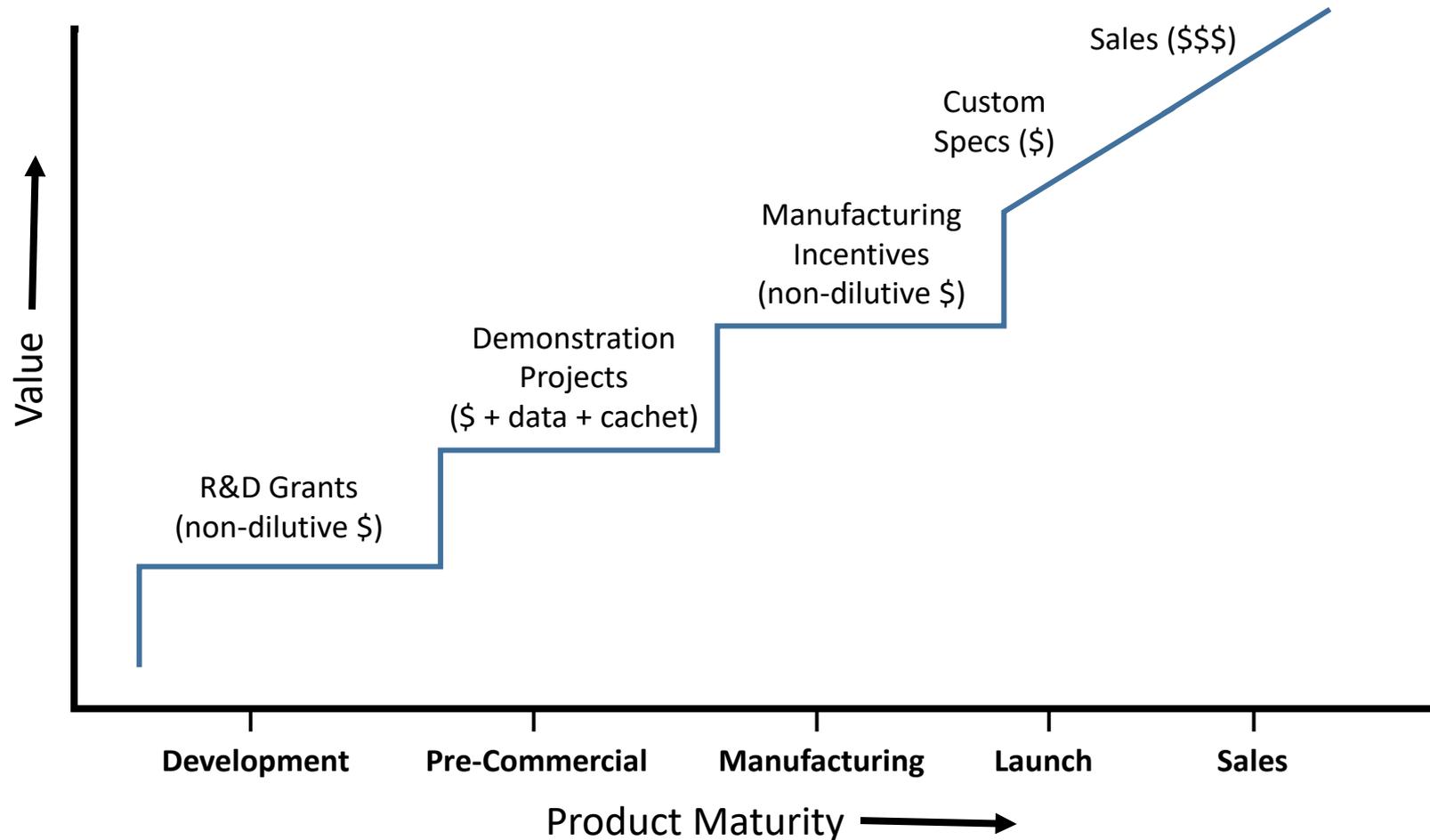
Silicon Valley Strategy: Company-Centric

- Centers on what you need to accomplish
- Convince the government they want what you are planning to do anyway...
- Aligned/High-Value Funding
- Strategic and Proactive (create tailored RFPs)
- Wins come from "business development"

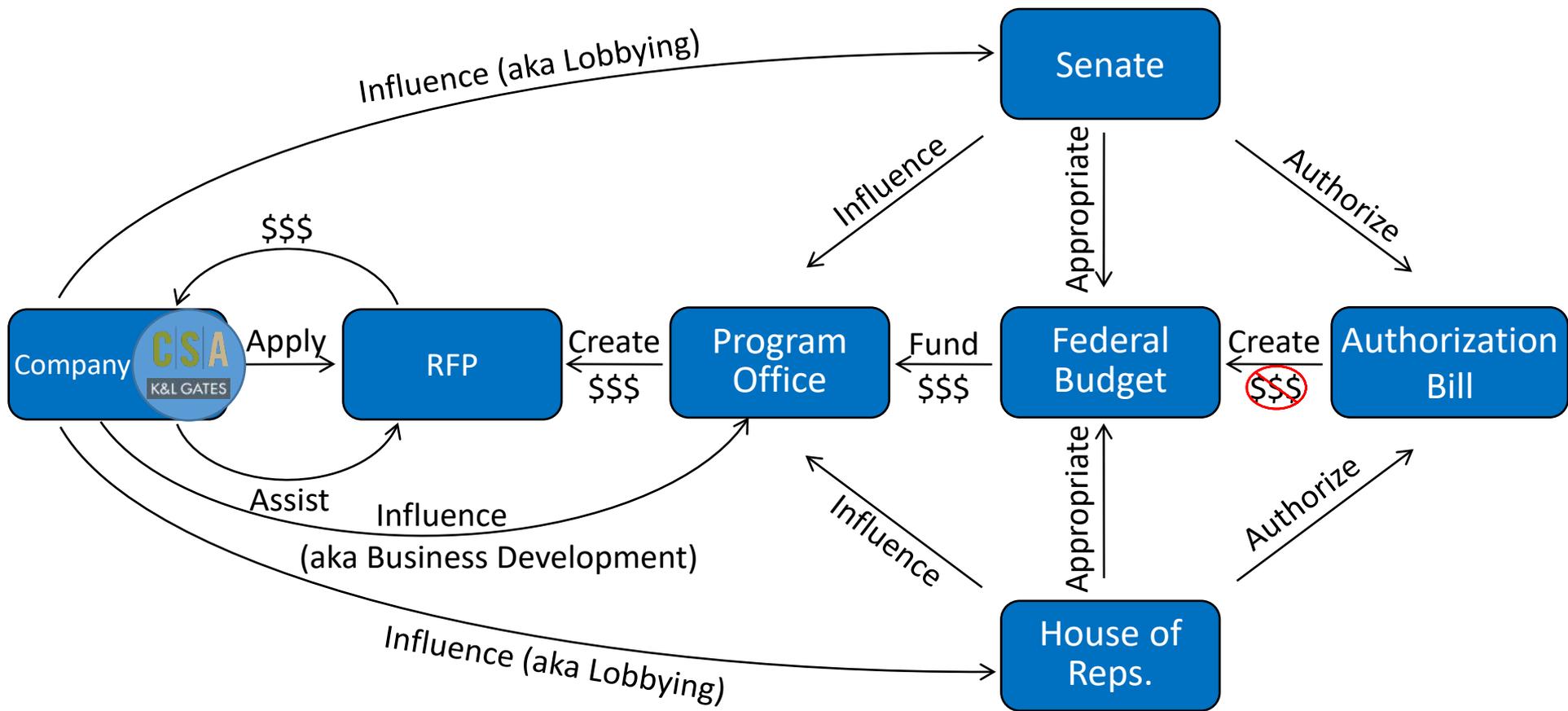


What is "Significant Value"?

(...it depends...)



How do Deals Get Done in DC?



Silicon Valley's Competitive Edge

Much bigger (and more experienced) companies are out trolling for government money... so, how can a small tech company compete?

- Innovation creates a LOT of leverage in DC
- Big new programs aren't driven by company size or campaign contribution
- New programs are driven by who gets to take credit
- Your innovation is a powerful driver for people to create new programs

Benefits and Barriers to working with the Government

Benefits:

- Access to significant non-dilutive funding
- High-profile product validation and 'market cache'
- Enormous potential market

} a.k.a. "What you want to do anyway"

Barriers:

- Don't know what's possible
- No experience transacting
- No Access
- No bandwidth
- Fear of "red tape" (e.g. compliance, accounting, reporting, IP hooks, etc)

} a.k.a. "What you don't..."

Complete
end-to-end
solution



Conclusion

The Opportunity:

- Government Strategy can provide significant value without distraction
- There are many ways the government can add value (not just sales)
- This year, Bills will pass, money will be spent: Unprecedented Opportunity
- Highly innovative/differentiated tech companies have a strong advantage

The key:

- Shift from government-centric to company-centric strategy
- Shift from government sales to government business development
- Leverage your innovation to develop high-level champions
- Focus your efforts only on what you want to do anyway
- Get someone else to do the rest