

# Emerging Technology Fund



## IS YOUR BUSINESS READY FOR VENTURE DEBT?

Venture debt is available from the Emerging Technology Fund (ETF), a program administered by MassDevelopment. The ETF helps innovative Massachusetts companies by providing venture debt to reach critical growth milestones in a minimally dilutive way. **We work with companies located in or relocating to Massachusetts that have strong, experienced management teams, demonstrated technical developments, proven product traction, and the ability to raise equity.** ETF competitive term loans are used to hire talent, purchase equipment, and improve facilities.

**Advanced Manufacturing | Advanced Materials | Aerospace & Defense  
Clean Energy | Diagnostics | Digital Health | Electronics  
Environmental | FinTech | Medical Devices | Nanotechnology  
Other Innovative Technologies | Plastics & Polymers | Robotics | Software**

To assess whether venture debt may be right for your business, consider the following questions:

Have you raised equity or convertible notes in excess of \$2 million?

- Venture debt may be the right fit for you.
- If not, equity may be your solution for fundraising at this time.

Do you have commercial traction with your company's product(s)?

- Venture debt may allow you to scale without dilution.

Do you need 6 to 12 months of additional runway to hit one or more operational milestones?

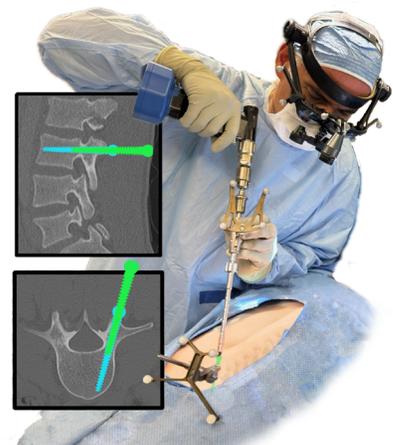
- Venture debt offers longer terms to provide that extra runway.

Do you need capital to become cash flow positive?

- Venture debt is the perfect way for your company to become self-sustaining.

“MassDevelopment’s Emerging Technology Fund has helped OnPoint continue to grow and hire in Massachusetts. They have been a very supportive partner as we scale the company.”

— **Grace Connelly**  
Chief Financial Officer



## The cost of venture debt to you and your growing company

Venture debt gives emerging-growth companies the cash without unnecessary dilution. The table below shows typical ranges for terms and costs from the private sector and the Emerging Technology Fund, a venture debt program offered by the Commonwealth of Massachusetts via MassDevelopment.

### Venture Debt Cost Comparison

Private Sector Venture Debt		Emerging Technology Fund	
Term	2 to 4 years	Term	5 to 7 years
Interest-Only Period	6 months to 1 year	Interest-Only Period	1 to 2 years
Covenants	None to heavy	Covenants	Minimum liquidity
Commitment Fee	1% to 3%	Commitment Fee	1%
Interest Rate	8% to 15%	Interest Rate	Fixed @ Prime + 2.25% or 3.25%, floor of 6.5%
Cash Success Fee	2% to 5%	Cash Success Fee	✗
Warrant Coverage	5% to 15% of loan amount	Warrant Coverage	1 year's interest
Pre-Payment Penalties	✓	Pre-Payment Penalties	✗

While early-stage technology companies require equity capital to provide initial working capital needs, layering additional equity to scale the company is not always the right solution for every business. **Longer-term, flexible debt solutions that leverage private equity for companies with initial revenue traction are proving successful for capital-efficient companies.** Investors and CEOs alike are realizing that prudent, covenant-lite debt structures that align with realistic business models can provide a path to sustainable growth.

## Recent case studies

### OnPoint Surgical, Concord

A \$4 million loan from MassDevelopment's Emerging Technology Fund helped **OnPoint Surgical** hire new employees, support working capital needs, and complete leasehold improvements to its facility. The medical technology company offers highly accurate and precise augmented reality (AR) display systems for orthopedic and neurosurgical spinal procedures. Innovative technology companies like OnPoint are helping to drive our economy forward and create new jobs.



### Smart Connected Ventures, South Deerfield

MassDevelopment provided a \$1.3 million loan from its Emerging Technology Fund to SCV Holdings Inc., doing business as **Smart Connected Ventures (SCV)**, a South Deerfield-based company delivering high-impact digital solutions for commercial businesses. SCV subsidiary **ScentBridge** provides scent marketing solutions to major retail and hospitality brands. The **BlueStreak** subsidiary is an Internet of Things (IoT) platform, serving customers with technology-driven tools that provide digital operating solutions which are remotely managed providing a consistent customer experience. The loan will support new hiring and provide working capital to help SCV continue expanding its products, services, and market reach.



### IndiGOtech, Woburn

MassDevelopment provided a \$4 million loan from its Emerging Technology Fund to **Indigo Technologies Inc. (indiGOtech)**, the only electric vehicle manufacturer in Massachusetts. Originally launched at Massachusetts Institute of Technology, indiGOtech designs lightweight, affordable smart electric vehicles built for last-mile delivery and ride-hail services. The loan will strengthen working capital and support the hiring of approximately 35 employees over the next two years, helping the company scale production and continue its growth in the Commonwealth.



### A smart option for early-stage companies

Venture debt through the ETF offers reasonable terms and attractive rates to grow your company in Massachusetts.

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