

# Developing A Plan and a Pitch

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# The Legacy of the Business Plan

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- Until 2010, most new ventures were expected to create a business plan that they could share with potential investors, partners, and even customers.
- Not all new ventures created a business plan, but it was a fixture of many “business plan competitions” in which entrepreneurs could win some seed money to advance their venture.
- These competitions served as third party endorsements as well as providing small investment dollars.
- Many Universities launched business plan competitions with MIT’s 100K competition being one of the best known.
- As we have seen, research on entrepreneurship by Saras Sarasvathy Steve, Blank, Eric Reis, and many others have moved the entrepreneurship community away from the business plan approach in many cases.

# There are many today who reject the Business Plan

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- Steve Blank became the leading apostle of business plan rejection about five years ago.
- *“In the real world, most business plans don’t survive the first few months of customer contact. And even if they did – customers don’t ask to see your business plan.”*
- Steve advocated for the supremacy of business models and he enshrined the concept of the pivot as part of his mantra of the “Customer Development Process.”
- In the last chapter we explored his model and the Lean Launchpad as an alternative.
- In our first chapter we heard about Blank and saw that Effectual Entrepreneurship, developed by Sara Sarasvathy, provided another alternative approach to the causal model that is typified by the business plan.
- These alternative models have their advocates and advantages, but many investors demand a traditional business plan and many institutions hold “business plan competitions.”
- For that reason, I have presented each of these models to equip the reader with whatever tools might be most useful.

# Business plan

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A business plan consists of:

- Written narrative telling how the founder expects the business to develop over time using the work done in the feasibility analysis and further work.
  - Written narrative of ~25-35 pages
    - A summary business plan can be about 15 pages –this is the kind of business plan that is due later in the course.
  - PowerPoint of ~ 10 slides
  - Elevator speech of ~ 60 seconds
- It is written for two different audiences:
  - Inside audience –guidance in execution –a road map –forces founders to think through plans systematically
  - Outside audience –for investors and potential partners and other stakeholders
- Many companies do not write a business plan, but it is highly encouraged.
- At ILinc we did write a business plan –which helped tremendously.

# Business plan variations

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- **Summary Business plan of 1-15 pages**
  - Early stage, preliminary discussions
  - One version of the summary business plan is kind of a **hybrid model** that incorporates many of the ideas from the lean launchpad and the NSF iCorps program.
- **Full Business plan**
  - The mainstay of 25-35 pages with significant detail to allow investors to invest with confidence.
- **Operational Business Plan**
  - An expansion of the plan to provide an internal operational guide –or blueprint for operations.
  - Approximately double the size of the full business plan, but can be much larger.
- In most companies business plans change dramatically as things develop. Don't get stuck in a rut.

# Wilson's Mantra

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- 1. Plan, plan, plan, and then plan some more.
  - 2. Celebrate and rejoice when the plan is done.
  - 3. Now sit down and think about how this plan will fail and what you are going to do when it does.
- 
- No whining.
  - As the bumper sticker says  
“Stuff Happens.”



# Structure

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1. Cover Page
  - a) company name, address, phone number, date, contact person, web site, Facebook, Twitter, etc.  
Confidentiality statement
2. Table of Contents
3. Executive Summary of 1-2 pages (critically important)
4. Industry analysis
5. Company Description (mission statement, tagline, position, milestones)
6. Business Model Canvas.
7. Market Analysis (market segmentation, target market, competitor analysis)
8. Economics
  - a) (financial analysis, COGS, contribution/gross margin, fixed costs, variable costs, operating leverage)
9. Marketing Plan (marketing strategy)
10. Product/Service Design and Development Plan (product, service, or virtual prototype)
11. Operations Plan
12. Management Team and Company Structure (B of Directors, B of Advisors, Org Chart)
13. Overall Schedule
14. Financial Projections
  - a) (sources and uses of funds, assumptions, pro-forma or projected financial statements, ratios –ROI, ROA, ROS, etc)
15. Summary and Appendix

# The Executive Summary

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- The executive summary is the most important portion of the business plan. It is also probably the last portion of the business plan that you will finish! I recommend that you write one to start, but then go to work on the main portions of the plan. That will undoubtedly lead you to make some changes and/or additions to the business plan.
- The executive summary **MUST** tell a compelling story about the entrepreneurial plan that you are developing. In some respects it is similar to the elevator pitch that is described later. Just like the elevator pitch, you the entrepreneur need to know what the most important points are that you need to make and which you can save for the longer narrative.
- The executive summary is most likely the only part of the business plan that most investors will read! Make it good and compelling.
- It summarizes the main point and key features, but does not provide detail.
- The goal is to let the reader know what it is that you are doing as concisely as possible and in a manner that is so engaging that they simply must read the rest of the plan.
- Finally, it **MUST** tell the reader what is being asked of them.
  - Are they being asked to invest? How much? Equity or debt? Etc.
  - Tell them in the Executive summary, in the body, and in the final summary!



# The hybrid business plan: (modified in light of the Lean Launchpad)

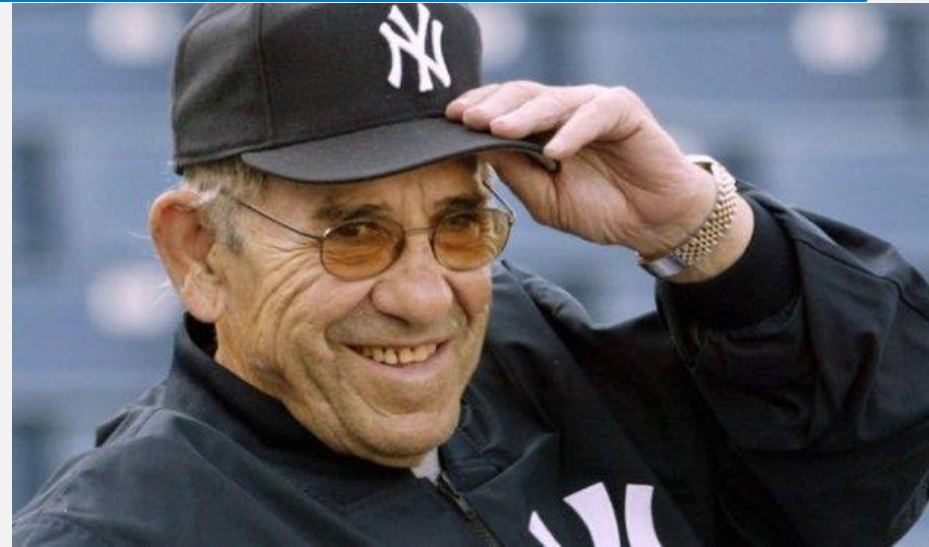
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This is the format for the team project that is due near the end of the course.

- Cover Page: company name, address, phone number, date, contact person, web site, Facebook, Twitter, etc. Confidentiality statement
- Table of Contents
- Executive Summary of 1-2 pages (critically important)
- Business Model Canvas.
- Value proposition: What problem(s) are we solving for our customers? What customer needs are we satisfying? What value do we deliver to the customer? What bundles of products and services are we offering to each customer segment?
- Key activities of the venture:
- The team: This is not an explicit part of the business model canvas, but it is one of the most important items to investors as we will see in the next chapter.
- Customer segments:
- Customer Relationships:
- Channels to reach the customer:
- Revenue streams: What value are our customers ready to pay for? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each revenue stream contribute to the overall revenue? How do your project revenue growth for the first few years?
- Key Partners and how they will contribute.
- Cost Structure and financial projections for the first few years
- Key Resources: What key resources do we need for: our value propositions, our distribution channels, our customer relationships, our revenue streams?
- **The Ask.** What do you need from the reader?

# Forecasting Innovation

- **“It's tough to make predictions, especially about the future.”**
    - Yogi Berra
  - Trend Extrapolation,
  - Time Series
  - Regression analysis
  - Modeling
  - Customer and market research
  - Benchmarking
  - Delphi and Experts
  - Scenarios-descriptions of alternative potential futures.
- 
- Some things are easy to predict such as the relentless improvement in computing described by [Moore's Law](#) in which computing power doubled and the cost halved every year (later two years). Many companies took advantage of this easily forecasted trend.
  - Many other kinds of prediction, like family helicopters, were far wrong.



# Investor Presentation -12 suggested slides

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1. Title
2. Problem
3. Solution
4. Opportunity and Target market
5. Technology
6. Competition
7. Marketing and Sales
8. Management Team
9. Financial Projections
10. Current Status
- 11. The ask: what do you want from them and how will you use it?**
12. Summary of key points, the ask, and request questions.

You do not use all twelve slides. You need to select those that are the most important and useful to you. Keep it crisp and clear.

# The Elevator Pitch

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Why do they call it an elevator pitch? Because it puts the speakers in a hypothetical situation in which they get on to an elevator and meet someone who could be an investor, customer, employee or otherwise become involved in a company or project that the speaker is leading. You have 60 seconds to get his or her attention before the elevator doors open and your prospect leaves. The idea is to be able to present the most important (the key) information quickly and persuasively in order to interest the prospect in learning more. That could be having them read the executive summary of the business plan, the business plan itself, or a business model canvas, or something else that presents the idea concisely and cogently.

There are about a dozen key points to keep in mind for each elevator pitch. Here is the list:

- 1.Title
- 2.Problem
- 3.Solution
- 4.Opportunity and Target market
- 5.Technology
- 6.Competition
- 7.Marketing and Sales
- 8.Management Team
- 9.Financial Projections
- 10.Current Status
- 11.**The ask: what do you want from them** and how will you use it?
- 12.Summary of key points, the ask, and request questions.

These are suggested slides to be prepared, but you will NEVER use all of them in any pitch. Your job is to figure out which you need to pitch the particular audience effectively. More later on this.

# The Elevator Pitch

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In my materials above I refer to these as a dozen slides. You do not need a dozen slides or any particular number. In real life, the elevator pitch is not usually delivered in an elevator, but is often delivered in boardroom or at a “pitch contest.” In such a case, having a few slides can be helpful, but you do not want to overwhelm the listener. In any real business plan competition, some of these slides are more important than others. Your job is to think about these topics and then figure out how to address the key issues in 60 seconds with the correct emphasis on the most important points. In many cases you may not use ANY slides, but you had still better be able to present your idea persuasively and understandably in sixty seconds. I have some examples listed below.

- The idea of the slides is to be a guide for YOU to organize your thinking. Once you make them you may not want to use them (at least not all of them). Using all twelve in some kind of prescriptive way is likely to be deadly.
- The **absolutely non-negotiable** part of the elevator pitch is “**the ASK.**” If there is nothing that you are asking for, then don’t bother to give the pitch! What do you want and need of the listener?
- In practice I encourage entrepreneurs that I mentor to prepare the 10-12 slides, but then pick and choose which to show, which to combine, and which to leave out.
- Your assignment is to start with your business plan and then create an elevator pitch for that plan. This is one situation in which I prefer the live face-to-face class -since I have each student present live in front of the class. It is usually one of the favorite parts of the class for the students. (For me too!) In this case I cannot require that students meet the live-on-line class. Thus I have given you various options for delivering that pitch to me. By far my first preference would be for you to send it as a video that you make of the presentation. As an alternative I would accept an audio recording and a copy of the slides. However, I worried that not all would be able to do that and then asked that at least you send me the slides and a transcript of the elevator pitch. It is not my favorite way, but I am trying to be fair and flexible.
- Ideally I would want you to make the slides suggested, then pick a few (or even none) of the slides, and do a nice video similar to the ones that I show below in Difference Makers.

# Presentation to Investors –the rules

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- Rule 1 –follow their instructions
  - If they say to speak 20 minutes, then do it and no more.
- Slides should be clear and uncluttered –not too much info
- Well rehearsed and smooth.
- Avoid jargon
- Check on AV availability before and either BYO or adapt.

## Red Flags and Warning Bells

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- Founders with no skin in the game –no money at risk
- Poorly documented plan with little citation of evidence.
  - Third party well established evidence is best.
- Broadly defined markets rather than carefully targeted markets
  - Targeting the \$550 billion/yr pharmaceuticals market rather than the \$230 million/yr ALS treatment market.
- Wildly optimistic financials
  - Segway projecting sales of 40,000 /mo. and then selling 300/mo.
- Sloppy, poorly written, mistakes in math, typos,

## Questions and Feedback from Investors

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Expect that investors will challenge you with sharp questions and blunt feedback. When we were seeking our first round of venture investment at ILinc, we settled on three companies who shared in the first round. One of them was GeoCapital Partners, and I told their CEO that one of the reasons that we picked them was that I liked working with him and that he was a nice guy. He replied:

- Stephen J. Clearman, GeoCapital Partners CEO, VC in ILinc
  - “I am not a ‘nice guy’ Jack, I am an investor.”
- Expect investors to ask tough and probing questions.
- Asking tough questions generally means they are interested.
  - If they are not interested, then they will not waste their time.
- If you are viewed as a VERY attractive investment, then they will still ask the questions, but do it more diplomatically!
  - Perhaps that’s why I called Steve a ‘nice guy’!



## Some further references on Elevator Pitches:

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This website has some very good points. I highly recommend that you read this for further context:

- <http://www.salisbury.edu/careerservices/students/Interviews/60secondElevator.html>

Watch the video on the following sites to see the winning pitches given at the Difference Makers contest at UMass Lowell: The master site is here:

- <http://www.uml.edu/Innovation-Entrepreneurship/DifferenceMaker/Meet-the-DifferenceMakers/default.aspx>
- Selected videos include:
  - <http://www.uml.edu/Innovation-Entrepreneurship/DifferenceMaker/Meet-the-DifferenceMakers/DM-Nonspec.aspx>
  - <http://www.uml.edu/Innovation-Entrepreneurship/DifferenceMaker/Meet-the-DifferenceMakers/DM-Robotic-Feeding-Arm.aspx>
  - <http://www.uml.edu/Innovation-Entrepreneurship/DifferenceMaker/Meet-the-DifferenceMakers/DM-Lowell-Sprouts.aspx>
  - and lastly, it may not be the most exciting product, but it had one of the best pitches that we saw –and it used only a couple of slides -but had a live demo!
  - <http://www.uml.edu/Innovation-Entrepreneurship/DifferenceMaker/Meet-the-DifferenceMakers/DM-Point-Stick.aspx>

At this link you can view pictures of students doing their pitches live and winning money in the UMass Lowell Difference Makers Contest.

- <http://www.uml.edu/Innovation-Entrepreneurship/DifferenceMaker/Meet-the-DifferenceMakers/default.aspx>

## These sites are also helpful:

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- <http://www.inc.com/kevin-daum/give-the-perfect-elevator-pitch.html>
- <http://sbinformation.about.com/od/marketingsales/a/How-To-Write-An-Elevator-Pitch.htm>
- Here is an alternative formation of the elevator pitch that has most of the same points we make above but combines them a bit differently.
  - <http://www.slideshare.net/fullscreen/Bplans/the-7-key-components-of-a-perfect-elevator-pitch-4/1>
- I like this pitch winner with no slides:
  - [https://www.youtube.com/watch?v=dqIEE-g\\_-Uc](https://www.youtube.com/watch?v=dqIEE-g_-Uc)
- The site below has some examples of elevator pitches that have no slides:
  - <https://www.youtube.com/watch?v=eHbpbGi7keg>
- This site has a pitch for a particular store.
  - <https://www.youtube.com/watch?v=phyU2BThK4Q>
- The following site has some ideas for how artists might pitch themselves!
  - <https://www.youtube.com/watch?v=GqsWKA9Q6M>

# The Rocket Pitch

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- The Rocket Pitch is a variation on the elevator speech which is used by the UMass Lowell Difference Maker Program.
- The Rocket Pitch consists of three slides delivered in three minutes.
  - [https://www.uml.edu/docs/2016FinalRocketPitchTemplate\\_tcm18-231731.pdf](https://www.uml.edu/docs/2016FinalRocketPitchTemplate_tcm18-231731.pdf)
- The three key points to be covered include:
  - The Opportunity
  - The Market -
  - The Business Model –how do you make money and why do your customers value the product or service?
- This format originated at Babson College and is well described in this Inc Magazine article entitled: “*How to Sell Your Idea in Less Than 3 Minutes.*”
  - <http://www.inc.com/peter-cohan/sell-your-idea-in-under-3-minutes.html>
- [UMass Lowell Rocket Pitch](#) –Steve Tello –a slideshow
  - [https://www.uml.edu/Images/DM\\_Just RocketPitch\\_Workshop \(1\)\\_tcm18-103837.ppt](https://www.uml.edu/Images/DM_Just RocketPitch_Workshop (1)_tcm18-103837.ppt)
- Here are the DM references:
  - Please find the DM Toolkit for the final project here: [https://www.uml.edu/docs/2016%20Toolkit%20Worksheets\\_tcm18-231203.pdf](https://www.uml.edu/docs/2016%20Toolkit%20Worksheets_tcm18-231203.pdf)
  - Please find the DM Idea Plan for the final project here: [https://www.uml.edu/docs/2016%20Final%20Idea%20Plan%20Template\\_tcm18-231734.pdf](https://www.uml.edu/docs/2016%20Final%20Idea%20Plan%20Template_tcm18-231734.pdf)
  - Please find the DM Rocket Pitch for the final project here: [https://www.uml.edu/docs/2016FinalRocketPitchTemplate\\_tcm18-231731.pdf](https://www.uml.edu/docs/2016FinalRocketPitchTemplate_tcm18-231731.pdf)

# The Difference Maker Rocket Pitch

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- Title Slide: Project/Team name and team member names
- Slide 1: The Problem
  - What is the specific problem that your project is going to solve?
  - What is the Customer/User pain?
  - Who is affected by the problem? Be specific!
- Slide 2: The Opportunity
  - Be sure to show your market opportunity and analysis on this slide. The judges want to see this.
  - Demonstrate your knowledge regarding the opportunity associated with solving this problem.
  - Include research, numbers, estimates, databases, articles, surveys and other data regarding the opportunity associated with your project. Utilize graphs/charts to showcase the data.
  - State the number of people affected by the problem.
  - Demonstrate data on real-life people/customers that you have talked to who could benefit from your solution.
  - Is there another business or organization doing something similar to you? If so, who are they? What are they doing that is similar? (Competitor Analysis)
  - Why is your solution/project better/different than theirs?
- Slide 3: The Solution
  - Clearly describe your proposed solution.
  - How does your specific solution solve the problem you stated in slide 1?
  - What value does your solution provide? How is it new, innovative or unique? (Value Proposition)
  - How will your solution/project be sustained over time? Provide details in this area.
- Slide 4: Resources
  - If you won DifferenceMaker funding (resource), how would you use the money over time to further your project?
  - Provide a 1 year budget May 2016 – May 2017 of how these funds will be used. The judges want to see this.
- Slide 5:
  - Thank you/Questions slide
- Slide 6+:
  - Feel free to have appendix slides for judge Q&A
  - [https://www.uml.edu/docs/2016FinalRocketPitchTemplate\\_tcm18-231731.pdf](https://www.uml.edu/docs/2016FinalRocketPitchTemplate_tcm18-231731.pdf)

## Your in class presentation (done in face-to-face classes)

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- You will give a Rocket Pitch that includes each of the Difference Maker Slides
  - Except
  - Slide 4 is not necessary –unless you plan to approach DM later.

# The Difference Maker Program has its own approach to the plan

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- The DM Template -Use this template for your class project.
  - [https://www.uml.edu/docs/2016%20Final%20Idea%20Plan%20Template\\_tcm18-231734.pdf](https://www.uml.edu/docs/2016%20Final%20Idea%20Plan%20Template_tcm18-231734.pdf)
- **Project Title** (50 words or less):
- **Project Concept** (200 words or less): Provide us with a brief summary of your project. - Describe your project and the problem it addresses.
- **Section 1. Problem** (200 words or less): Provide us with a detailed summary of the specific problem you are looking to solve. - What is the specific problem that your project is going to solve? (e.g. hard to afford/expensive prosthetic devices)
- **Section 2. Opportunity** (800 words or less): Demonstrate your knowledge of the actual opportunity associated with your project. This includes numbers and market research/data on how many people are affected by the problem you stated in Section 1. Clearly discuss any research you conducted, including: - Online research, numbers, databases and articles you found that supports the need and demand for your project - Data on real-life people/customers you have talked to, interviewed, and/or surveyed who are actually affected by the problem or could benefit from your proposed project solution that you stated in Section 1 (e.g. 10 doctors about a new medical device) - Is there another organization(s) or business(es) doing something similar to your project? If so, who are they and what are they doing similarly? - Why is your project better/different than there's? (Competitor Analysis)
- **Section 3. Solution** (800 words or less): Describe the solution you are proposing to the problem you addressed in Section 1. Please support your claims. - Clearly describe your proposed solution (e.g. low cost prosthetic limbs) - How does this specific solution solve the problem you stated above? - Why is your project valuable? What value does your solution provide? To who? (Value Proposition) - How is your solution new, innovative and/or unique? - What stage of development is your project in? (Idea stage, prototyping/testing stage, raising funds stage, ready to launch stage) - How will your solution be sustained over time? Please provide details and be clear. (e.g. Will you work on it after you graduate? Pass it off to someone else? How will your idea continue on in the years to come?)
- **Section 4. Resources** (500 words or less): Demonstrate why you need funding from the 2016 DifferenceMaker Idea Challenge. - How much time will you and your team members commit to your project after the Idea Challenge? - How much funding do you require to implement your project? - How will these DifferenceMaker funds be used to support your project? - Please provide an estimated budget for use of DifferenceMaker funds from May 2016-2017.

# DM Template



## IDEA PLAN TEMPLATE

Please follow the outline below and answer all the questions.

### Contact Information:

Team Leader:  
Phone:  
Email:

### Team Members:

Name	Contact Info	Major	Current Year in School

### Advisor: (optional)

Name	E-mail Address	Affiliation

### Project Title (50 words or less):

### Project Concept (200 words or less): Provide us with a brief summary of your project.

- Describe your project and the problem it addresses.

### Section 1.

### Problem (200 words or less): Provide us with a detailed summary of the specific problem you are looking to solve.

- What is the specific problem that your project is going to solve? (e.g. hard to afford/expensive prosthetic devices)

### Section 2.

### Opportunity (300 words or less): Demonstrate your knowledge of the actual opportunity associated with your project. This includes numbers and market research/data on how many people are affected by the problem you stated in Section 1.

### Clearly discuss any research you conducted, including:

- Online research, numbers, databases and articles you found that supports the need and demand for your project
- Data on real-life people/customers you have talked to, interviewed, and/or surveyed who are actually affected by the problem or could benefit from your proposed project solution that you stated in Section 1 (e.g. 10 doctors about a new medical device)
- Is there another organization(s) or business(es) doing something similar to your project? If so, who are they and what are they doing similarly?
- Why is your project better/different than there's? (Competitor Analysis)

### Section 3.

### Solution (800 words or less): Describe the solution you are proposing to the problem you addressed in Section 1. Please support your claims.

- Clearly describe your proposed solution (e.g. low cost prosthetic limbs)
- How does this specific solution solve the problem you stated above?
- Why is your project valuable? What value does your solution provide? To who? (Value Proposition)
- How is your solution new, innovative and/or unique?
- What stage of development is your project in? (Idea stage, prototyping/testing stage, raising funds stage, ready to launch stage)
- How will your solution be sustained over time? Please provide details and be clear. (e.g. Will you work on it after you graduate? Pass it off to someone else? How will your idea continue on in the years to come?)

### Section 4.

### Resources (500 words or less): Demonstrate why you need funding from the 2016 DifferenceMaker Idea Challenge.

- How much time will you and your team members commit to your project after the Idea Challenge?
- How much funding do you require to implement your project?
- How will these DifferenceMaker funds be used to support your project?
- Please provide an estimated budget for use of DifferenceMaker funds from May 2016-2017.

# Difference Makers competition at UML

- <http://www.uml.edu/Innovation-Entrepreneurship/DifferenceMaker/default.aspx>





# M2D2-Mass Medical Device Development at UML Business Plan Competition. <http://www.uml.edu/Research/Centers/M2D2/medicalchallenge.aspx>



# eForAll was formerly known as the Merrimac Valley Sandbox

The Merrimac Valley Sandbox has changed its name to Entrepreneurship for All (EforAll)

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More info TBA!
- ▶ November 20: Entrepreneur Meetup  
More info TBA!

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• <http://eforall.org/>



- ← Privo Technologies
  - UMass Lowell double alum:
  - Manijeh Nazari Goldberg, CEO
  - Nano delivery of drugs



# MIT \$100 K Competition - <http://www.mit100k.org/>

