



Stanford eCorner

Sources of Small Business Financing

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Video URL: <http://ecorner.stanford.edu/videos/1234/Sources-of-Small-Business-Financing>

Verma talks about how Savi was approached by the Defense Advanced Research Projects Agency (DARPA). DARPA has a small business research innovation program which awards grants to newer companies, and while the money comes with the requisite governmental red tape, it also allows companies to retain ownership of the business.



Transcript

We approach the small business innovation research program, which by the way is the government's version of venture capital. We've got literally two and a half, three million dollars from them which was the goal of our seed financing and we have to give no ownership of the company to do it at that time. DARPA approached us. And so there were two different avenues. DARPA is hard for a new company to get money from. DARPA is easier for us slightly older company to get money from. With small-business innovation research grants, you can get of 70,000-grant for writing a proposal. And if you are smart and really focused on your cost, you can probably get a 700- to a million-dollar-grant relatively soon after that. Dealing with the government always carries red tape, bureaucracy, pain, suffering, all of the other things. But in the end, it is money that doesn't come without having to give up want any equity ownership.

So sometimes, that pain, suffering, etc. dealing with the government is worth it. So it is our tax dollars at work in I think it is a great use of tax dollars to give it to small businesses.