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Mark Lesko / Photo by Bob Giglione

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By: [Claude Solnik](#) June 6, 2014 [1 Comment](#)

[Accelerate Long Island](#) and the Long Island Emerging Technologies Fund have approved the disbursement of \$500,000 for five biotech and energy startups in what could be the start of a new source of cash for Long Island firms that could soon include millions more.

The Accelerate Long Island seed fund and its partners, venture capital firms [Topspin Partners](#) and Jove Equity Partners, approved \$100,000 each for the five startup companies, which included Goddard Labs, Green Sulcrete, PolyNova, SynchroPET and Traverse Biosciences.

Goddard Labs is developing tests for pathogens in agriculture, Green Sulcrete is developing an environmental variation on concrete based on sulphur, and PolyNova is developing a new heart valve.

SynchroPET is developing a new variation on PET scans for animals and Traverse Biosciences is developing pills to prevent and treat periodontic (or gum) disease in dogs.

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These five firms will use the money to develop prototypes, buy materials and otherwise seek to turn technology into products and, potentially, profits.

In addition to providing cash, the public-private partnership uses state money to leverage private investment. Accelerate Long Island is providing state grants from Empire State Development, which doesn't require a stake in any of the companies, while Topspin and Jove are providing matching investments through the LIETF in a more traditional venture capital model.

In addition to the funding for the five companies, the VC firms and Accelerate Long Island have already begun looking for five more companies that would be awarded a similar \$500,000.

"We're in the middle of discussions with several companies as we speak," Accelerate Long Island Executive Director Mark Lesko said. "We expect we should be announcing additional investments very soon."

In addition to money from this partnership, Accelerate Long Island is taking initial steps to raise more money to fuel and fund Long Island startups.

"We very much view the first effort as a pilot fund," Lesko said, before discussing preliminary plans to further boost Long Island startups. "Our investors are extremely happy. Our board is happy with the focus, process, the way we screen companies and choose them."

He said Accelerate Long Island is trying to create a \$2 million to \$5 million seed fund that would leverage government grants along with private money.

"I'd also like to bring in additional private capital," Lesko said of a second fund. "We are in discussions with the state in terms of providing additional funding. The hope is we're able to obtain additional state funding that will allow us to leverage private investment."

Accelerate Long Island would like the second fund to include \$1 million or more in grants that would attract additional investment, although it could be a one-to-one-match or require more private investment.

"We may be able to provide more capital," Lesko said. "Instead of \$100,000 it could be \$25,000 or up to \$500,000."

The money for the initial grants come from the Empire State Development, although Lesko said money for the next fund could potentially come from a different state source.

"We're not using government dollars in an investment banking model," Lesko said. "We're giving them grants."

Although Accelerate Long Island initially hoped to provide money as early as 2012, Lesko said it took longer to develop a system to select and provide funds.

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“We spent the better part of a year-and-a-half creating a venture capital model to evaluate the deals,” he said. “So the timing is where it should be. I think it was unrealistic to expect to build out a portfolio of ten companies in a time period shorter than a normal venture fund.”

He said Accelerate Long Island evaluated and met with 125 firms, received formal pitches from 35 and reduced that to less than 10.

“We were basically building a fund from scratch. It took time to generate deal flow,” he said. “We’re supporting companies that could be large taxpayers if they grow considerably, and supporting the startup eco system on Long Island.”

The fund also sharpened its focus: Accelerate Long Island initially considered a wide range of companies, before focusing on life science and energy – rather than information technology.

“We came to the conclusion that other funding sources exist for social and mobile and digital, but not capital for early stage life sciences and energy companies on Long Island,” Lesko said. “That coincided with our view that we have tremendous bench strength in the life sciences and energy at Brookhaven Lab, Stony Brook and Cold Spring Harbor. We developed a sweet spot.”

Even selection took more time than initially anticipated, as Accelerate Long Island as well as the equity funds researched firms.

“We had to conduct extensive due diligence on those companies,” Lesko said. “We developed an investment philosophy.”

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