

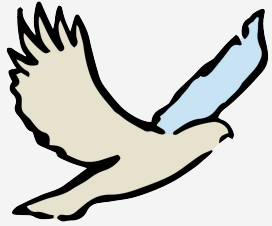
HAWK TOWER



VENTURE CAPITAL FOR CENTRAL CALIFORNIA



INTRODUCING HAWKTOWER



HawkTower LLC

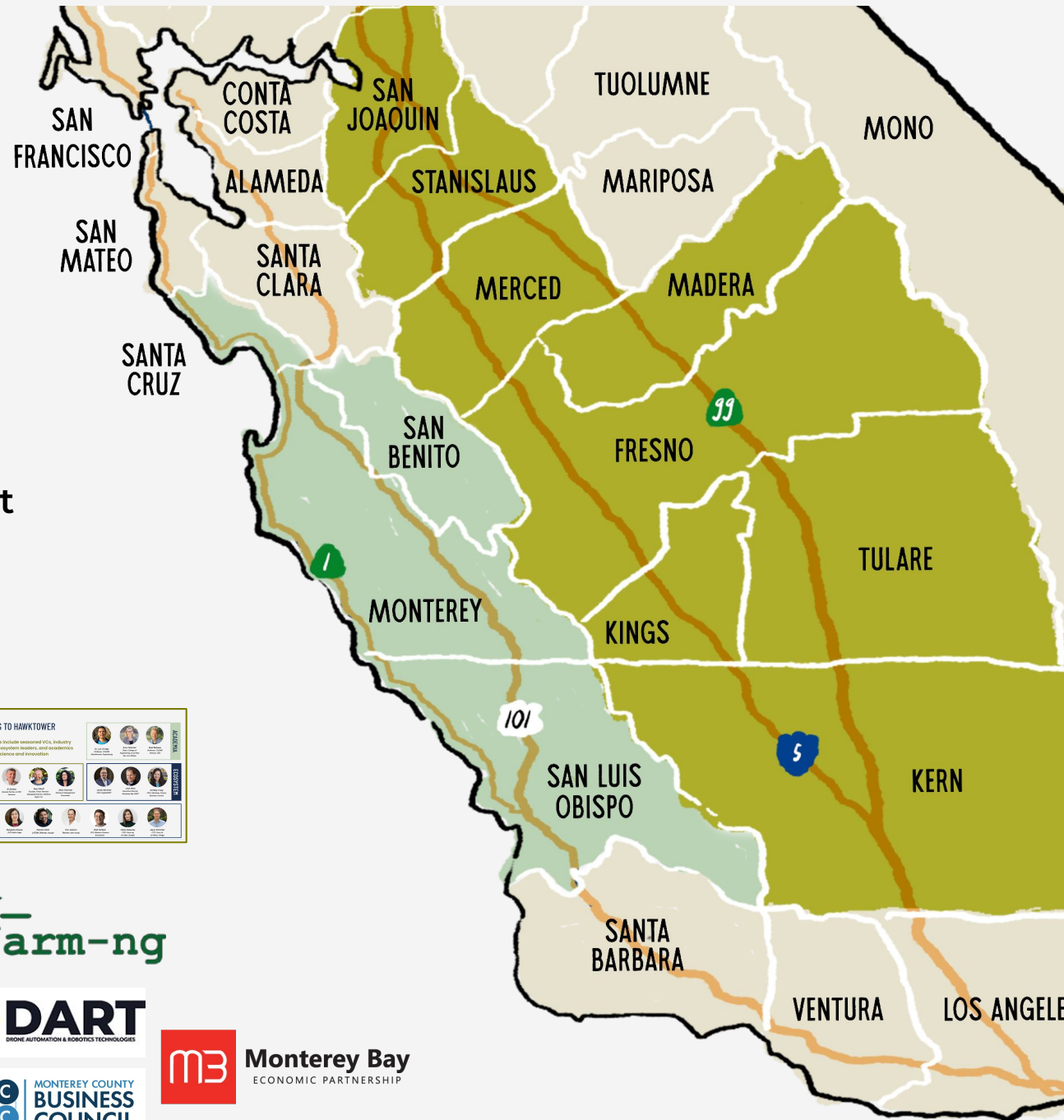
Investing in the Central Coast & Valley
HQ in Monterey

- Mission is economic and workforce development
- Early-stage venture capital
- Focused on driving startup formation

Advisors: Include VCs, Deans and Professors, CEOs, Community Leaders, and World-Class AI Talent.

Portfolio: Completed our first investment with Watsonville's Farm-ng.

Expertise: Member of DART, MCBC, MBEP.





ABOUT ME



Danny Bernstein

Managing General Partner

- Carmel Valley resident since 2020
- Alumni of Stanford GSB (SEP) & UC Davis
- Seasoned “0 to 1” Executive at Google and Microsoft

Professional



Managing Director: Launched Google Assistant (0 to 500M users), Sign-In (0 to #1 market share), Web Platform [AMP (0 to 40% of the web), PWA (0 to 100s of F500)]. Helped build several Search Verticals, including Sports, TV/Movies, Recipes, News, including i18n.



Partner: Product & GTM for Microsoft Teams (reached 300M users), including Teams for SMB and Consumer.



SEQUOIA

khosla ventures

VP, 1st business hire, employee #5. Led global partnerships and business development. VC from Sequoia and Khosla. Acquired by Google in 2012.

Community



Founder, CreativeMornings in Monterey County. A monthly speaker series to connect creators, techies and innovators.

Advisor, Flanders Mansion Restoration, New Canon Theatre, and the Stevenson School Campaign committee.



Board Positions, Founding Board President for the Jewish Federation of the Monterey Bay Area. Vice President of the Board of Trustees at Congregation Beth Israel.



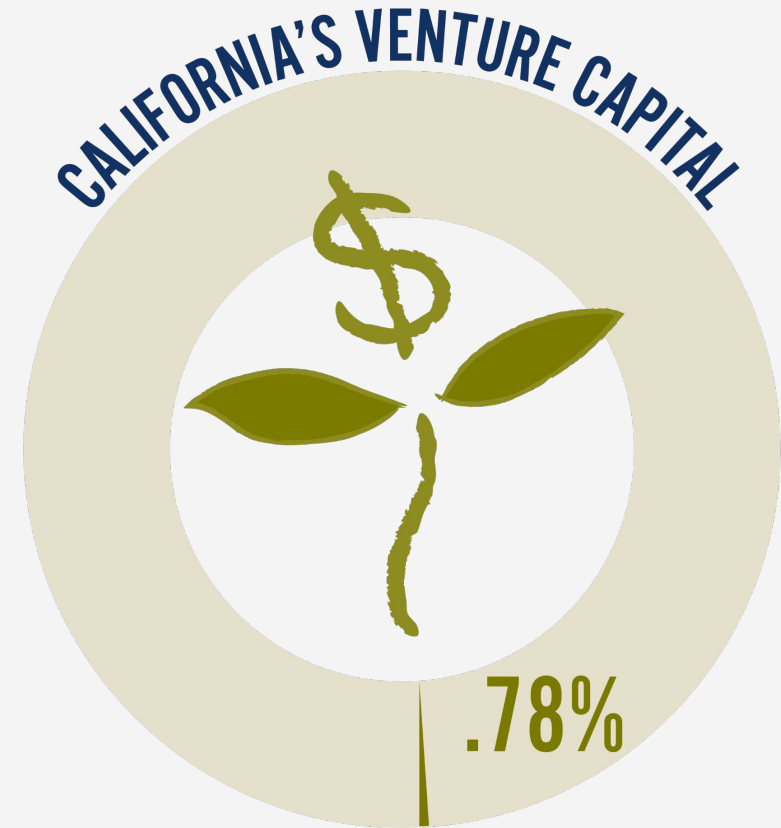
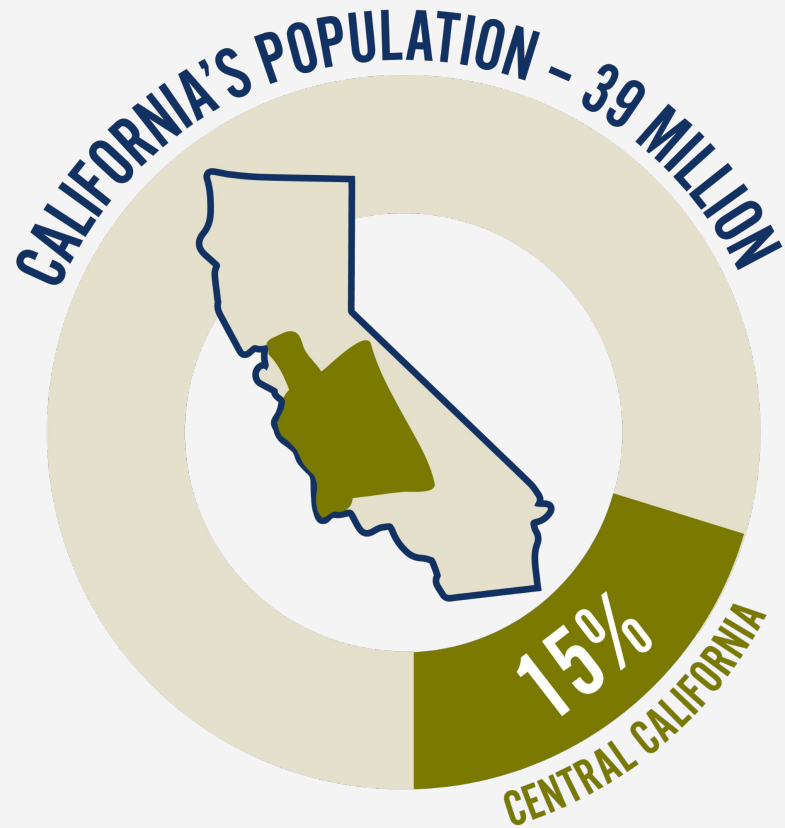
STRATEGIC QUESTIONS FOR MONTEREY COUNTY

- 1. How can we balance our strengths in hospitality and agriculture while advancing new industrial opportunities in technology?**
- 2. How can we prioritize startup creation in Central California?**
- 3. Is our goal widespread startup dispersion across the region, or the creation of a concentrated hub in Monterey County?**

If the latter, what are next steps?



CENTRAL CALIFORNIA IS A DESERT FOR VENTURE CAPITAL



[.24% across Fresno, Monterey, Kings, Madera, Merced, San Benito, Stanislaus, Tulare, Kern, San Joaquin, San Luis Obispo] [.54% in Santa Barbara and Santa Cruz]



NEW STARTUPS = JOB CREATION

The Kauffman Foundation researches startups and job creation over 20-year periods:

3M jobs created

by startups during their first year

1M jobs created

by one-plus year old startups

Key Findings

1. Startups are the primary source of net job growth in the U.S.
2. 2021: 5 jobs created per 1K people from early-stage startups.
3. Existing firms tend to lose about 1M jobs per year on average.
4. 1-year old firms create 3X more jobs than 10-year old firms.
5. These trends persist during recessions.

Perspective

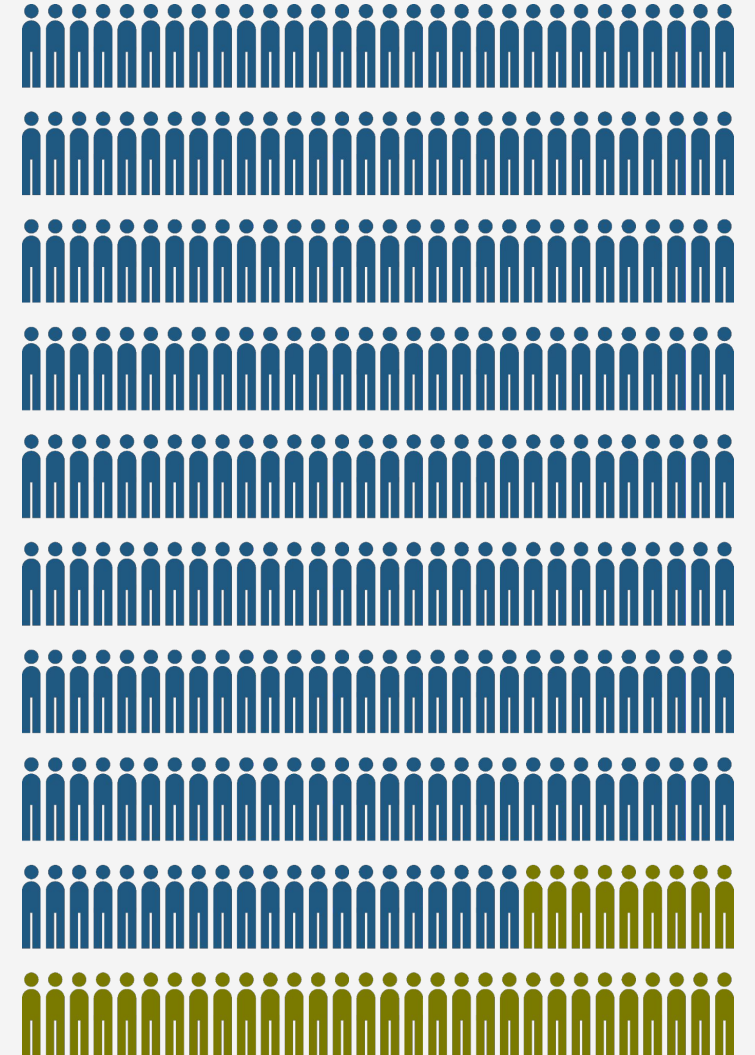
Kauffman: Job-creation strategies aimed at larger firms inevitably fail because startups that develop organically are almost solely the drivers of job growth.



EXODUS OF HOMEGROWN WORKFORCE & LOCAL WAGES

Review of 300 tech workers from local high schools

- Reviewed LinkedIn profiles that listed Monterey County high schools and direct affiliation with the technology industry
- Methodology is comprehensive but not exhaustive – for example, we could only include LinkedIn profiles of those who listed their HS.



MONTEREY COUNTY HIGH SCHOOL ALUM

Key findings

Where Are They Now?

87% left for jobs outside Monterey County

13% remain in Monterey County

Top Employers

Apple
 Tesla
 Google
 Microsoft
 Uber

Min Lost Local Wages

\$25M based on Salary.com data for entry-level engineers

Conclusions

- Monterey County produces competitive talent, **hirable by the best firms**
- This is a **highly-skilled workforce** that could lead/staff local startups
- Translates to a **bare min of \$25M in lost local wages** (Salary.com)



LEARNINGS FROM EMERGING STARTUPS HUBS

BOULDER: BROAD ECOSYSTEM COHESION

Growth in the startup sector resulted from nurturing a culture of innovation, cohesion and #givefirst.

DETROIT: PUBLIC FUNDING FOR A STARTUP ECONOMY

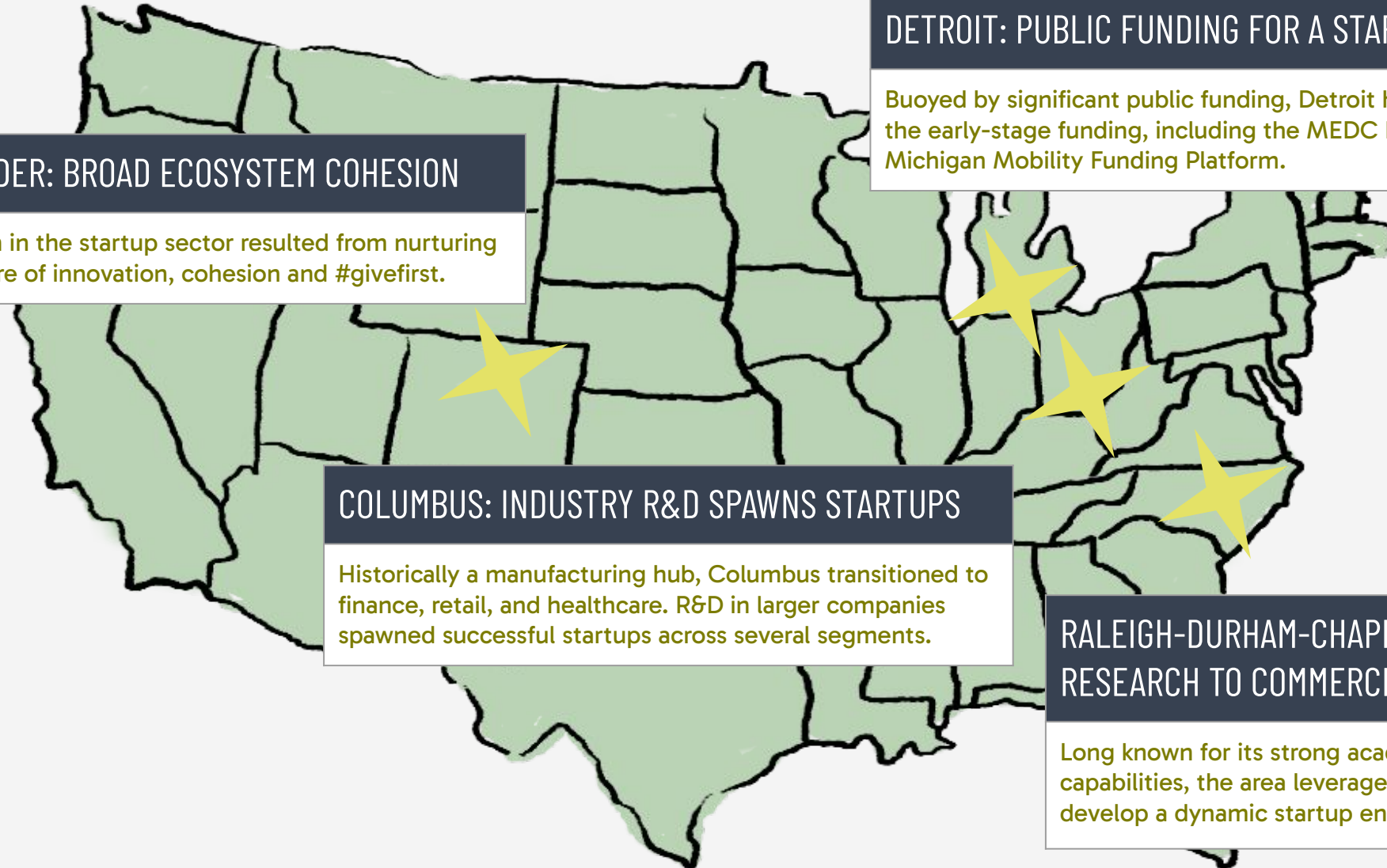
Buoyed by significant public funding, Detroit helps startups secure the early-stage funding, including the MEDC Pre-Seed Fund and Michigan Mobility Funding Platform.

COLUMBUS: INDUSTRY R&D SPAWNS STARTUPS

Historically a manufacturing hub, Columbus transitioned to finance, retail, and healthcare. R&D in larger companies spawned successful startups across several segments.

RALEIGH-DURHAM-CHAPEL HILL: STRONG RESEARCH TO COMMERCIALIZATION PIPELINE

Long known for its strong academic and research capabilities, the area leveraged these strengths to develop a dynamic startup environment.



MONTEREY COUNTY: HIGH-POTENTIAL STARTUP MARKET

Premier Research Institutions

- **Naval Postgraduate School** (the “MIT of DoD”)
- **Cal Poly:** West’s #1 public, master’s-level uni
- **Emergent UCs:** UC Santa Cruz & Merced
- **Hopkins Marine Station**, at Stanford/Doerr
- **MBARI** Monterey Bay Aquarium Research Institute

Opportunities & Imperatives

- **Agricultural:** 1/4 of US food. ~\$17B per year (USGS)
- **Dual Use:** 800+ researchers/professors at NPS; Tech Bridge
- **Mobility:** Home to Joby, 1st electric air taxi delivered to the USAF
- **Water:** >40% of CA’s water, 17% of US’s irrigated land (USGS)
- **Ocean:** 6,094 square statute miles of sanctuary; 500+ active fishing boats
- **Housing:** Imperative to innovate and address statewide shortage.

Rising Workforce

- **Hispanic:** 4x advanced degrees since ‘00 (Pew); 2x founders since ‘18 (Source: Carta)
- **DigitalNEST:** 3700+ young adults; \$45,760 alumni avg starting income
- **Innovation:** Santa Cruz Works, iiED at CSUMB, WET Center, Angelcon








CAL POLY
Center for Innovation
& Entrepreneurship
Small Business Development Center

SAN LUIS OBSIPO
2.5 hrs
ANGELCON

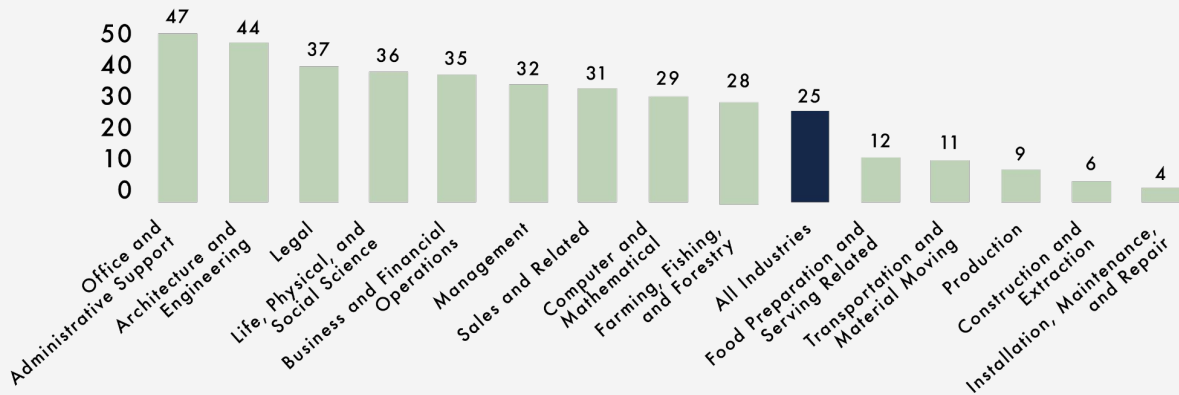


OUR OPPORTUNITY IS IN "ADJACENT" AI-FIRST STARTUPS

Launching & backing AI startups that capture big slices of large total addressable markets (TAMs)

Vertical AI TAMs	 Dual Use	\$50.61B by '28 (Mordor), DoD: \$1.8B on AI in '24 (DoD)
	 Mobility/Transport	MaaS: \$40B by '30; Robotics: \$35.3B by '26 (MandM)
	 Agriculture	\$4.7B by '28 (MandM), \$5.96B by '31 (Strats Research)
	 Ocean/Water	Management: \$28.2B by '28 (MandM)
	 Housing/Construction	\$24.18B by '33 (Future Market), \$19.1B by '30 (GrandView)

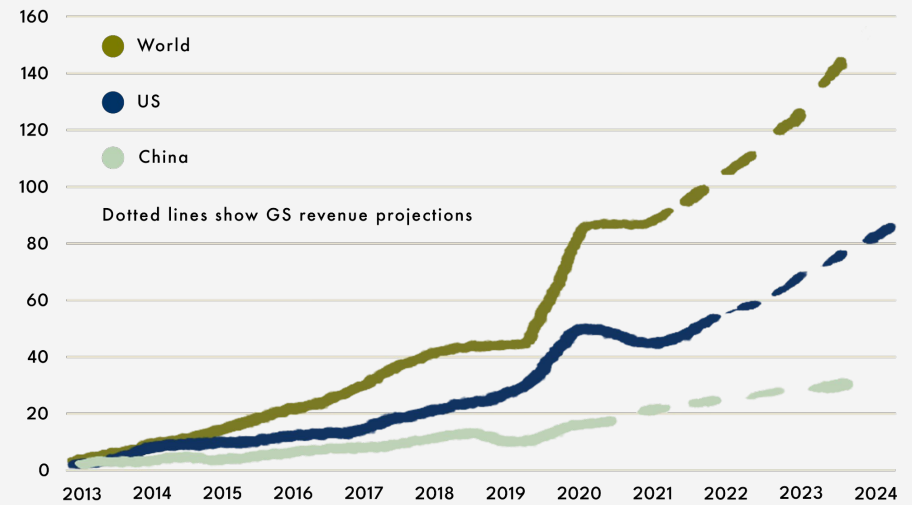
25% OF CURRENT WORK TASKS COULD BE AUTOMATED BY AI



Goldman Sachs: Datasets in specific industries will yield intelligent capabilities, drive efficiency, drive PMF, and optimize user experience.

Goldman Sachs & McKinsey forecast an AI supercycle for IT spend and M&A

AI INVESTMENTS ARE LIKELY TO GROW OVER THE NEXT 2-3 YEARS



Goldman Sachs: AI can top hundreds of billions of dollars with a CAGR of 20-30% leading up to 2030.

McKinsey: AI will be the biggest market in IT, creating up to \$4.4T in productivity and new value.

EXAMPLE STARTUP

farm-ng

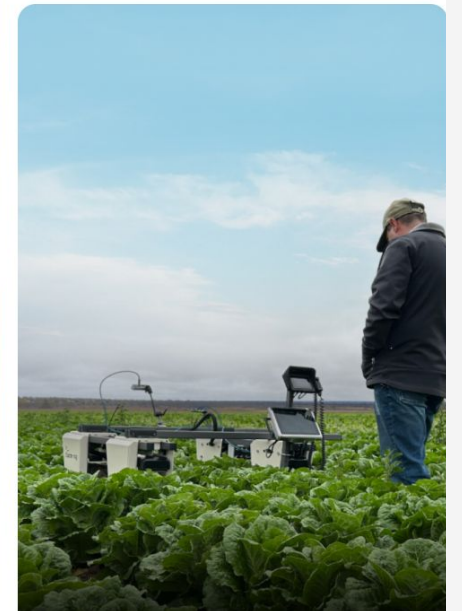
Based in Watsonville, CA

\$90B market (manual small farm tasks),
forecasting 28% significant automation

Reinventing agriculture with world-class
AI and robotics. Low cost, immediate ROI,
software-defined robot

Exec team are ex-Google/Uber/Nvidia

HT invested \$1M and forecasts 15X MOIC





WHAT IS A STARTUP ACCELERATOR?

Year Round Programming

Open integrated approach to developing sustainable startup communities

- **Startup Community Programming**
- **Startup Events**
- **Ecosystem Development Training**
- **Founder Catalyst Programming**

Exploring a programming collaboration with DigitalNEST

Impact:

- Broad access to best practices, networks of mentors and investors.
- Data-driven insights for program performance and stakeholder reporting.

Accelerator Programming (12-13 Weeks)

Rigorous and selective with a clear input and output – MRY startups ready for product-market fit and customers

- **Recruitment & Startup Selection**
- **Mentor Engagement**
- **12/13-Week Program**
- **Post-Program Support**

Impact:

- Dozens of new local startup companies.
- Aiding founders in scaling their startups and contributing to regional job creation and entrepreneurship.



A CONCENTRATED STARTUP HUB IN MONTEREY COUNTY

Cherry picking talent to launch and grow companies here

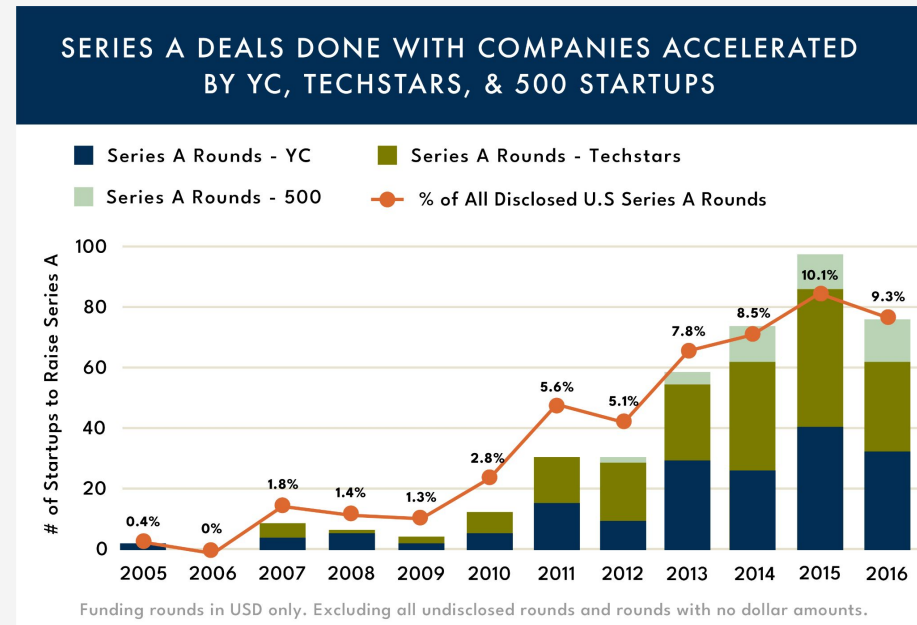
Brookings: Accelerators are selective and application-based, rigorous and milestone-driven, cohort-based, measurable and accountable

10+ new startups per cohort

per accelerator program per year

90%+ get funded

after graduating from “corporate” accelerators, like Techstars or YC





ACCELERATOR IMPACT

Accelerators Programs (1 in Salinas and 1 in Monterey) will impact the region by fostering new 20 startup companies per year, contributing to job creation (2000+ high-quality jobs over 10 years), and enhancing regional entrepreneurship. It can catalyze economic and workforce development, attract investment, and leverage local talents and resources.

These outcomes would lead to an expanded tax base (with high-quality wages retained locally), and enhanced regional competitiveness.



NEXT STEPS

Q1 Focus for Accelerator Strategy

1. Strategic support
2. Financial backing
 - \$500K. Covers 20% of the operation of 1 accelerator program or 10% of 2 accelerator programs (1 program in Salinas and 1 program in Monterey).
 - Funded yearly based on impact





THANK YOU

HAWKTOWER CRITERIA FOR "ADJACENT" AI STARTUPS

INDUSTRY



TECHNOLOGY FOCUS



AI - First/Enabled

Enable novel solutions to automation



Proprietary Data Ownership

Scalable Data Collection



Intelligent Vertical Applications

Capabilities, user experience, efficiencies



Research Driven

PHDs & advanced degrees in AI, CS, vision, data science

BUSINESS MODEL



Big Slices of Large TAMs

Follows trend of IT investment in AI



Operational Efficiency

Emphasis on ROI-driven CAC or profitability



Local Talent

Retail and return



Strategic Fits with Larger Companies

Bias towards experienced management teams



FUNDING TO OPERATE & CAPITALIZE ACCELERATORS

Traditional Sources of Accelerator Funding for Nascent Startup Markets

Funding For Operating Expenses

1. County, City, State, Federal & Institutional

Demonstrates alignment for economic dev strategies

~\$2.5M per year per cohort

2. Industry and Corporate Sponsorships

Shows support from incumbents for new innovation

Min 3 years

3. Academic & Research Institutions

Exhibits coordination b/w academia, research and industry

Funding For Startup Capital

~\$1.5M per year

1. Venture Capital Firms & Corporate Ventures

Provide for pre-seed funding (HawkTower & other firms)

~\$150K per startup company