

NEWS

Cofounders, Hatcher+ partnership brings new tool to Triangle early-stage investing



COFOUNDERS CAPITAL DAVID GARDNER HACHER+



David Gardner, Cofounders Capital founder and partner speaking at the Cryptolina event. Cofounders Capital photo.

by Allan Maurer — July 2, 2018

CARY—The partnership between Singapore-based Hatcher+ and Cary-based early stage accelerator and fund Cofounders Capital disclosed Monday gives the Triangle firm a new tool to help entrepreneurs develop a prototype or establish proof of concept, says Cofounders partner David Gardner.

Founded in 2016, Hatcher+ is a data-driven venture investment firm that recently announced the launch of H2, a \$125 million early stage investment vehicle. The Hatcher+ platform uses AI and machine learning-based technologies to identify early-stage opportunities in partnership with leading accelerators and investor groups, worldwide.

The partnership will allow Cofounders to write a \$35,000 check for eight to ten entrepreneurs a year who need to create a prototype or establish proof of concept before seeking additional backing, Gardner said in an interview with WRAL Techwire.

Without the Hatcher+ partnership, Gardner said, "We're very early stage investors, but I can't fund a science experiment with a \$35,000 check. These guys, their money converts under my terms. It doesn't cost my investors anything. That's pretty cool."

He added, "Now if someone needs a prototype or proof of concept, we don't have to turn them away. I think it will be impactful."



David Gardner, General Partner, Cofounders Capital. Cofounders Capital photo.

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HATCHER+ PARTNERS WITH THE BEST ACCELERATORS

Early stage seed funding is often seen as a not infrequently crippling gap in the startup world.

Hatcher+ "Picks the best accelerators worldwide" for its partnerships and "We were lucky to be selected," said Garner. "We're the only one on the East Coast." They trust our judgement," Gardner said. "They're banking that if I have someone in my accelerator, we'll probably get a deal done and under favorable terms."

Gardner believes the Cofounders accelerator is the only "Completely free one" in the region. It charges no fees and even provides free office space donated by the town of Cary. "A lot of accelerators are just office space and typically take equity in exchange for help. We're a real accelerator," Cofounders has full-time mentors sitting with each team every day, going over each proof point, giving them homework. We don't charge for time or space.

Gardner founded or cofounded several Triangle startups, including PeopleClick, which sold for \$100 million, and Report2Web, which sold for \$12 million. He was also a vice president at Compuware. He authored "The Startup Hats," a book for entrepreneurs.

Cofounders has about 75 investors in its fund, including some well known serial entrepreneurs such as Scot Wingo, founder of ChannelAdvisor and the former CEO of Blue Cross and Blue Shield, Brad Wilson. His team includes seasoned investors such as Scott Albert, who formerly ran the Aurora Funds.

"They're people with an interest in the Triangle or companies who want access to innovation and want to see money go back into the community.

"You can make money investing locally," Gardner said. "That's what we've been preaching. We've raised about \$25 million so far and hope to raise the rest." The fund is capped at \$50 million.

DEPLOY MONEY LOCALLY

Gardner hopes to entice large companies with a local presence to contribute. "We've seen some of our brightest minds move because they couldn't get funding here," he said. "If we all work together on this, we can create a better entrepreneurial environment." He admits, that's easier said than done.

"If you go to Atlanta, they have the Engage Network. All the big employers, Delta, Home Depot, put money in the fund. They become beta customers (for startups). We have a trouble getting that going in the Triangle. I don't understand why. We can show them better returns, they get great PR and there is all kinds of goodness there. It's the way they think in Atlanta, Austin and Silicon Valley. So we're looking for corporations that want access to innovation and want to deploy money locally."

Cofounders currently has 16 people in its accelerator. "Some teams are only here a couple days a week. Others come in at night because they have day jobs. I tell them, don't quit your day job until you get funded." Once a team hits about four people, "We talk to them about getting their own place. This is just the proving ground."

Gardner is "Convinced we have the next SAS or the next Cree in our accelerator. You just won't know their names for a couple of years."

Gardner's contact information is available on the Cofounders website and he says, "We try to talk to everyone," but approaching the fund requires "Going through the process."

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