Venture Capital & Defense Health

STRUCTURAL VC MECHANICS

The GP / LP Dynamic

Fiduciary Mandate: General Partners (GPs) manage capital on behalf of Limited Partners (LPs) such as pension funds and endowments.

Profit Maximization: Capital is deployed to deliver maximum financial returns, not to conduct exploratory science or subsidize open-ended R&D.

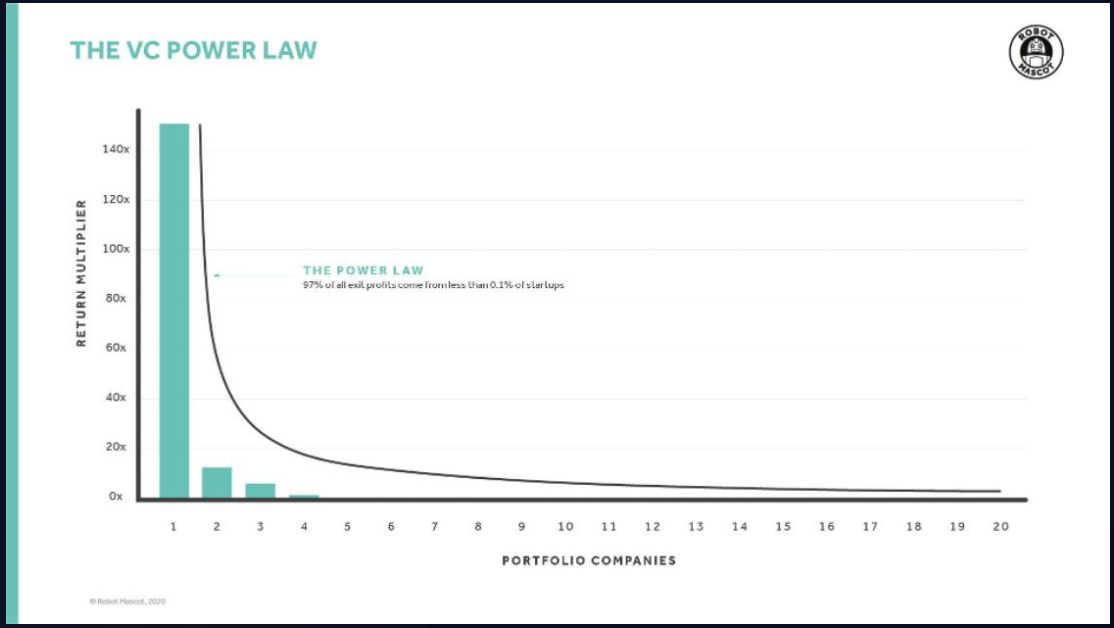
The typical 10-Year Clock

Years 1–3 (Deploy): Rapid capital allocation into initial high-growth bets.

Years 4–7 (Nurture): Active scaling and commercial execution.

Years 8–10 (Exit): Mandatory liquidity events. Technologies unable to commercialize within 10 years are structurally uninvestable.

THE POWER LAW



https://jameschurch.medium.com/the-vc-power-law-cd155c800e74

Math of Venture Capital

6 of 10 Fail Completely: Total write-off of invested capital.

3 of 10 Break Even: Deliver modest 1x–2x capital return.

1 Outlier Returns the Fund: Must yield 10x to 100x return to compensate for all losses.

Implication: Every backed company must possess theoretical capacity for massive commercial market dominance.

CAPITAL MODEL COMPARISON

Metric / Dimension	Venture Capital (Dilutive)	SBIR / STTR Grants (Non-Dilutive)
Equity & Ownership	VC purchases equity ownership shares	Non-dilutive; zero equity relinquished
Primary Objective	Massive commercial scale & exit return	Technical feasibility & exploratory R&D
Valuation Milestones	Requires de-risked FDA/revenue traction	Proposal writing & basic research output
Exit Requirement	M&A or Public Market IPO	No exit required (Perpetual Granting)

THE DUAL-USE ENGINE

Civilian Scale

Invest in platforms commanding massive high-margin commercial healthcare markets (trauma care, diagnostics, monitoring).

Warfighter Mission

Directly apply validated commercial technologies to urgent point-of-injury and battlefield medicine needs.

Resilient Supply

DoD gains access to cutting-edge medical hardware backed by commercial volume and private capital subsidies.