

2019

WISCONSIN PORTFOLIO

11 YEARS OF TRACKING WISCONSIN INVESTMENT DATA



Wisconsin
Technology
Council



TECH COUNCIL
INVESTOR
NETWORKS
IGNITING EARLY
STAGE INVESTMENT



TARGETING
EARLY STAGE
SUCCESS





HUSCH BLACKWELL

**Aligned by industry.
Built on relationships.**

Husch Blackwell provides bold legal insight and business leadership to forward-thinking people and companies. We celebrate the Wisconsin Technology Council and Wisconsin's thriving entrepreneurial community.

huschblackwell.com

33 East Main Street
Madison, WI 53701
608.255.4440

555 East Wells Street
Milwaukee, WI 53202
414.273.2100

Arizona | California | Colorado | Illinois | Missouri | Nebraska | Tennessee | Texas | Washington, DC | Wisconsin

The choice of a lawyer is an important decision and should not be based solely upon advertisements.

2019

WISCONSIN PORTFOLIO

INTRODUCTION

page 2

EXECUTIVE SUMMARY

page 4

THE VENTURE ECONOMY

page 6

LEGISLATIVE UPDATE

page 8

TECH COUNCIL INVESTOR NETWORKS

page 12

ACT 255

page 13

FULL YEAR 2018 DEALS

page 14

FULL YEAR 2018 ANALYSIS

page 16

INVESTOR SPOTLIGHT

page 20

INVESTOR RESOURCES

Inside back cover



THANKS

Thanks to the sponsors and supporters
of the Wisconsin Portfolio:

- IFC Husch Blackwell
- 3 AT&T
- 7 DFI
- 11 Baird Capital
- 21 ATC
UW-Milwaukee Research Foundation
- 22 Enbridge
- 23 American Family Insurance
- 24 WEA Trust
Venture Investors
SWIB
- 25 BDO
- 26 Wisconsin Economic Development
Corp. (WEDC)
Old National Bank
WIPFLI
- 27 UBS
- BC University Research Park

Welcome to the 2019 Wisconsin Portfolio, an annual publication of the Wisconsin Technology Council through its Tech Council Investor Networks and its partner, the Wisconsin Economic Development Corporation.





INTRODUCTION

Dear Readers –

The Wisconsin Tech Council and the Tech Council Investor Networks are proud to present the 2019 *Wisconsin Portfolio*, Wisconsin's premier investing report containing the most complete compilation and analysis of entrepreneurial and investment activity in Wisconsin. This year's publication marks the 11th anniversary of the *Portfolio* and the Tech Council's tracking of Wisconsin investment data.

This year, 20 of the state's leading early stage investment groups participated in the study. There were 121 venture-backed companies in Wisconsin, slightly down from last year, when there were 127 Wisconsin-based companies that raised funding.

While it is gratifying to record growth over five years, there continues to be a need for additional capital and new funding. Since our 2018 *Portfolio* was published last spring there has been a bit of both, with existing VCs raising additional funds and several new funds being announced.

This publication also features:

- A profile on John Neis, the 2018 inductee into the Wisconsin Investor Hall of Fame
- Policy highlights and updates
- A primer on early stage investing in Wisconsin
- A resource guide

Entrepreneurs and their companies will ultimately be driving Wisconsin's future success, and the capital our investors provide continue to be a driving factor. With the momentum on our side, we look forward to fulfilling our organization's important mission: Fuel the growth of investment capital in Wisconsin.

We thank you for your support and hope you enjoy the read!



All the best,

Bram Daelemans

Bram Daelemans
Director, Tech Council Investor Networks
A program of the Wisconsin Technology Council





Wisconsin Connected.

At AT&T, we know businesses help communities thrive. In Wisconsin and across the nation, we empower connections that help to build a better tomorrow.

Keeping communities connected. At AT&T, it's how we do business.

AT&T is proud to support the Wisconsin Technology Council and the 2019 Wisconsin Portfolio.



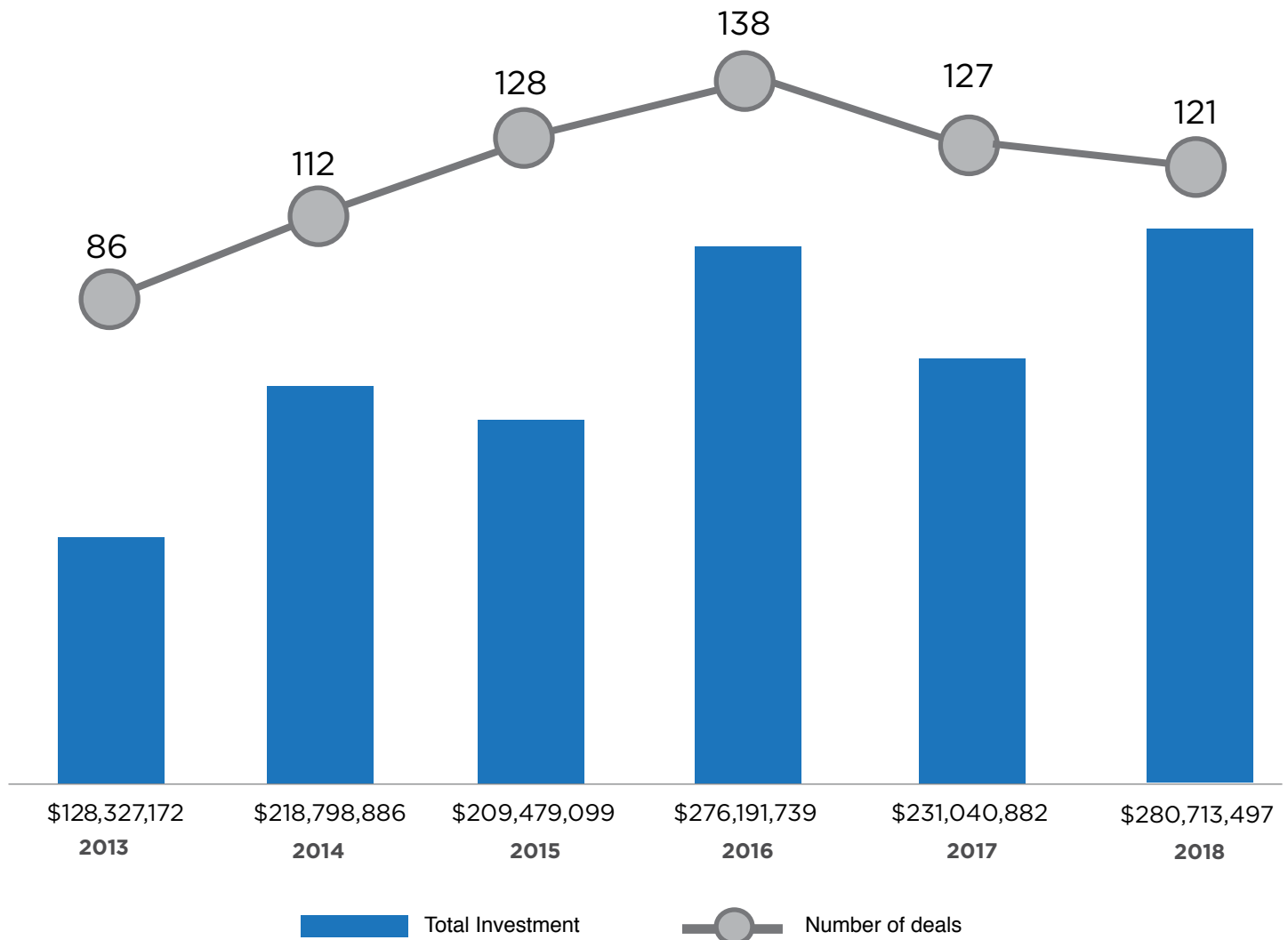
© 2019 AT&T Intellectual Property. AT&T, Globe logo, Mobilizing Your World and DIRECTV are registered trademarks of AT&T Intellectual Property and/or AT&T affiliated companies. All other marks are the property of their respective owners.



EXECUTIVE SUMMARY

At least 121 Wisconsin early stage companies raised investment capital in 2018, the lowest number of companies tracked since 2015. More than \$280 million was raised by those 121 companies, the most ever in a single year in Wisconsin.

ANNUAL TRENDS



Using public reports, filings and surveys, the Wisconsin Technology Council and its Tech Council Investor Networks tracked a total of \$280,713,497 that was invested in the 121 companies (see pages 14-19 for detailed reporting and analysis). The largest deals reported were **SHINE Medical Technologies** (\$44.8 million), **Propeller Health** (\$20 million), **Engineered Propulsion Systems** (\$16.8 million), **Titan Spine** (\$16.7 million), **Midwestern BioAg** and **HealthMyne** (\$15 million each).

According to the Center for Venture Research, the angel investor market in 2018 experienced an increase in market participation in more companies, albeit at smaller amounts. In Wisconsin, we saw the opposite: fewer companies raising larger rounds. Overall, in 2018 we continued to see growth in a maturing market.

In 2018 we saw a rebound in median and average round sizes after a bit of a slump in 2017. Average round size is at a new all-time high of \$2.3 million while the median round size is back up over \$600,000. Forty-six Wisconsin companies each raised at least \$1 million from investors, up from 35 companies in 2017. For 26.9% of early stage companies that secured funding, 2018 was the first year doing so while 73.1% of startups received continued support.

2018 also experienced a continuation of trends: equity funding (66.1%) continues to be the most popular, followed by debt funding (16.5%) and a combination of the two (7.4%).

Fewer women led or women owned business raised funding in 2018 – only 14% of companies that raised funding in 2018 were woman-owned or -led, down from 16.5% in 2017.

While the two major industries continued to be Life Sciences and Information Technology, combined they accounted for nearly 70% of all deals, Wisconsin's tech-sector diversity also showed. Included deals ranged from advanced manufacturing to digital health, from biotechnology to consumer products, and from software to medical devices.

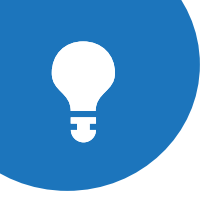
Investors from outside Wisconsin's borders played a much more significant role in funding state companies in 2018. Investors from Chicago, Boston, New York and California showed up in about 49% percent of deals in which the investors are known. We also saw a resurgence in the use of Early Stage Seed tax credits after the drop in 2017. Early Stage Seed tax credits are reserved for certified investment funds under the Wisconsin Economic Development Corporation and are eligible for sale or transfer.

Overall, 2018 put us right back on track and our ecosystem continues to mature: we are seeing continued growth in companies, investors and deal sizes. New funds continue to come online and more capital is available for our growing and maturing startups.



“The number of early-stage companies reporting investments has shown a strong progression since 2012. It’s evidence that angel and venture investors are finding solid deal flow.”

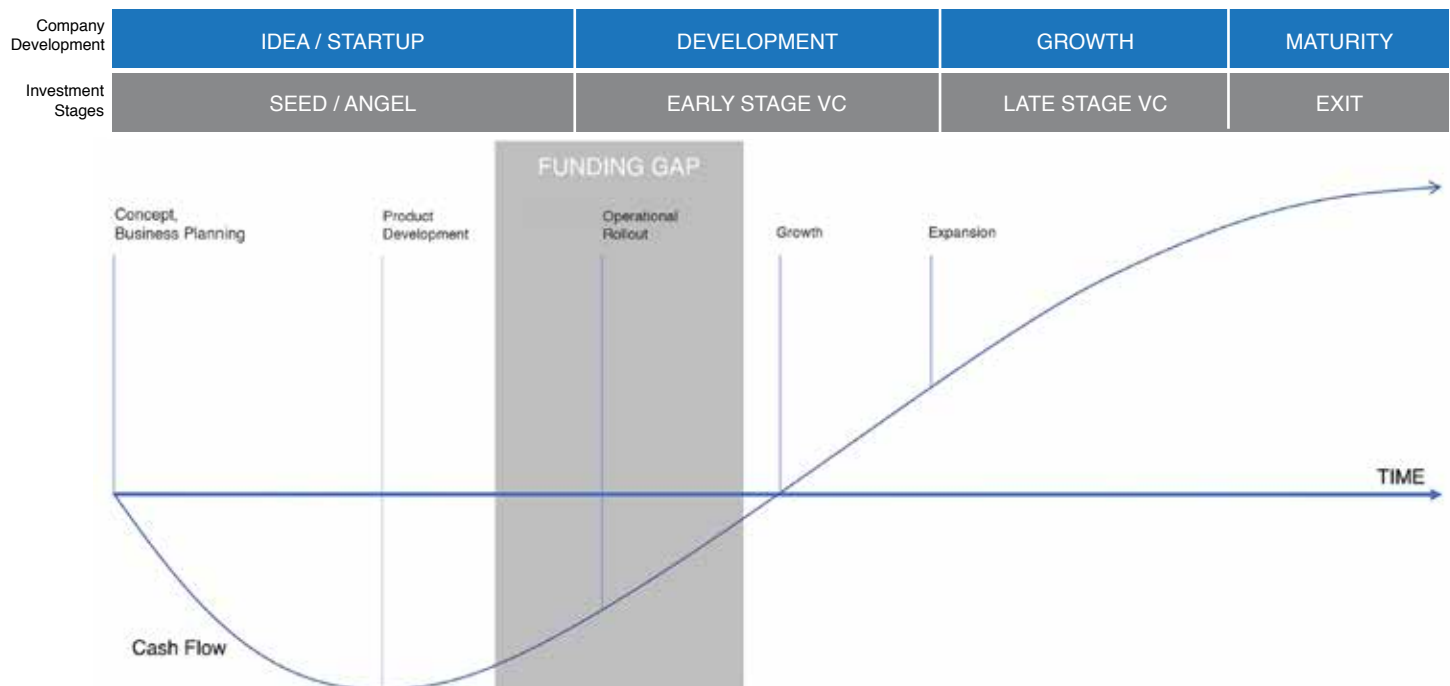
Tom Still, president
Wisconsin
Technology Council



THE VENTURE ECONOMY: A PRIMER

At the very early stages of most businesses, funding comes from founders, friends and family, debt and grants. This initial funding can take a new venture only so far. Startups often need additional funding to accomplish additional goals in further expanding the business. A few examples include securing patent protection, building early prototypes of technology and also hiring business development and management personnel.

FINANCING CONTINUUM



Gompers, Paul A. and Gornall, Will and Kaplan, Steven N. and Strebulaev, Ilya A., How Do Venture Capitalists Make Decisions? (August 1, 2016). Stanford University Graduate School of Business Research Paper No. 16-33; European Corporate Governance Institute (ECGI) - Finance Working Paper No. 477/2016. Available at SSRN: <https://ssrn.com/abstract=2801385> – Modified by Bram Daelemans, Wisconsin Technology Council

The source of the money needed to reach one of these goals often comes from the early stage capital market, making it a critical link in the development of entrepreneurial ventures. Early stage capital is comprised of individual angels, angel groups, early stage funds and some early stage venture funds. If a venture survives long enough to enter into a rapid growth stage or, in the case of life sciences, far enough in the regulatory process, the venture capital market sometimes takes the reins.

Fueling rapid growth, VC involvement often results in significant increases in company valuation. Through this increase in valuation, the VCs exit the business by one of two means, taking the venture public (Initial Public Offering, or IPO) or selling it to strategic acquirers. It is through these “exits” the previous investors, including the founders, angels and others, can receive a payback on their investments. Exits, or the potential of an eventual exit, provide the incentive necessary to attract investors to a startup business and to keep them active in the early stage market.

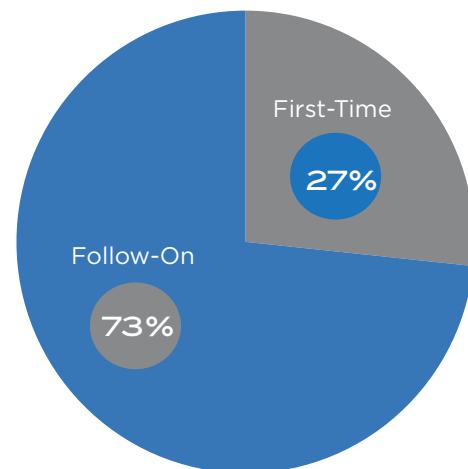
Opposite is a graphic, called the financing continuum, representing the stages of business development and the typical investors through those stages. The triangle highlights the portion of the early stage market that is considered the most challenging. Often referred to as the funding gap, this area represents entrepreneurs in search of investments between \$1 million and \$5 million.

This size of investment is typically too large for a single angel network but not large enough for a venture fund.

Angel investors and venture capitalists form a vital partnership that results in a startup evolving into a successful business providing well-paying jobs and commercializing new technologies. A number of businesses, originally funded by angel investors, have received follow-on rounds of investment from venture capitalists.

In Wisconsin, it can be a challenge for companies as they attempt to raise early stage capital, including larger, follow-on funding rounds. Since our last , several new funds or networks were announced: Dark Knight Capital, Forward Capital Fund, Alchemy Angels and the Wisconsin Valley Venture Fund.

TYPE OF INVESTMENT
(2018 INVESTMENT
RECIPIENT COMPANIES)



The 2018 Wisconsin Portfolio brought to you in part by:



State of Wisconsin
Department of Financial Institutions
Strengthening Wisconsin's Financial Future



LEGISLATIVE UPDATE

A core mission of the Wisconsin Technology Council is to serve as a policy advisor and resource for Wisconsin's governor, its Legislature and other state agencies that touch the state's tech-based economy.

The Wisconsin Technology Council has been at the forefront of proposing ideas for expanding the state's support of early stage capital – primarily, angel and venture capital – for more than 15 years.

It has been a successful endeavor in many ways, thanks to the efforts of lawmakers and governors on both sides of the aisle. Continued progress will help make Wisconsin's early stage economy become even more competitive with surrounding states and the rest of the nation.

What follows is a summary of how the Tech Council's ideas influenced policy decisions in the past; suggestions for upcoming sessions; and other ways the Tech Council works to improve federal and state policy through its initiatives.

Build on success of Act 255 investor tax credits

From its relatively modest beginnings in January 2005 to present, Wisconsin's Act 255 tax credits law has spurred company development and job creation by providing tax credits to early stage investors. The bipartisan program allows qualified angel and venture investors to receive a 25 percent state tax credit for investments in Qualified New Business Ventures, or QNBVs, which are carefully certified by the Wisconsin Economic Development Corp. and were similarly screened by its predecessor, the Wisconsin Department of Commerce.

From the program's inception in 2005 through 2017, the WEDC-DOC tax credits authorized over time and granted by the state Department of Revenue equal **\$142.4 million**, which have generated four times that amount – **\$569.6 million** – in private investment in young Wisconsin companies. Since 2005, more than **455** companies have been certified through the QNBV program.

These are private dollars that might otherwise stay on the sidelines and not get involved in the often-risky early stage sector if not for the availability of Wisconsin's tax credit law, which is cited as a model other states have followed.

The proof of the program's efficacy lies in the growing list of investments and successful companies. As this report shows, total angel and venture capital investments in Wisconsin exceeded **\$280 million in 2018**. That follows two years (2016 and 2017) in which total angel and venture capital investments exceeded \$500 million. Since 2005, the program's first year, angel and venture capital investments have grown from a reported **\$5.4 million to today's running total of \$1.71 billion**. Those young companies have created thousands of jobs while adding value and tax revenue to the Wisconsin economy.

The previous Legislature endorsed raising the Act 255 investment cap on any one company from \$8 million to \$12 million. However, to take advantage of that expansion, the Legislature should act on AB 225 and its companion, SB 208, to clarify statutes relating to insurance company investments.

The same Legislature eliminated a longstanding and unique fee on angel and venture capital raised by qualifying C Corporations organized outside Wisconsin, mainly Delaware.

Create a larger “fund of funds” based on a public private partnership model

The Tech Council worked closely with members of the Legislature during the 2013-14 session to pass Act 41, which created the “Badger Fund of Funds.” The recipient funds in the Badger Fund on Funds have made more than a dozen investments to date in young companies in a variety of Wisconsin sectors.

However, the Badger Fund of Funds has significant restraints compared to other public-private funds in the Midwest, especially Indiana, Illinois, Ohio and Michigan. The Tech Council has proposed much larger public-private fund, with up to \$100 million coming as an investment from the state of Wisconsin over time. It also called for a mix of direct investments in existing funds and a 2-1 private match of state money.

Its goal is to increase the total amount of venture capital dollars invested in Wisconsin over five years with return on investments that are at or above the national average for the various stages of investing.

Its rationale is simple: Other Midwest programs are attracting startup talent and companies as well as venture capital dollars, which have accelerated the success of their entrepreneurial ecosystems. It would support existing Wisconsin-based VC funds, which are personally and professionally invested in the state. It would rely on evidence-based best practices from other states as well as the views of the State of Wisconsin Investment Board, the Wisconsin Alumni Research Foundation and other thought leaders in Wisconsin to ensure accountability to Wisconsin taxpayers.

It would have measurable results and accountability as **100 percent of state-invested funds** would remain in Wisconsin.



CONTACTING THE LEGISLATURE

The Wisconsin Legislature typically operates on a two-year cycle that begins in January the year following elections for seats on the state Senate and Assembly. General elections for both houses will be held in November 2020.

Beginning in January 2019, the cycle will include periods of committee work, public hearings and floor periods during which both houses meet as collective bodies.

Gov. Tony Evers delivered a “State of the State” speech in late January. His state budget proposal to the Legislature was unveiled in late February. This two-year budget will cover the period beginning July 1, 2019, and running through June 30, 2021.

Once the budget work is completed, remaining floor periods for the 2019-2020 cycle are scheduled for Sept. 17-26, 2019; Feb. 11-20, 2020; and March 24-26, 2020, with a goal of sending all bills to the governor in April and May 2020. General elections would take place in the fall of 2020.

Visit legis.wisconsin.gov for information on laws proposed and passed during the session, a citizens’ guide to the Legislature, how a bill becomes a law and a detailed explanation of the budget-making process.

Also, legis.wisconsin.gov is where you can find biographies on current lawmakers. There are 33 senators and 99 Assembly members. An interactive map can help you find your state Senate and Assembly districts by plugging in your address.

Visit legis.wisconsin.gov/lfb to read bill analyses and background papers by the Legislative Fiscal Bureau, which works both parties in the Legislature to estimate the fiscal effect of various bills.



LEGISLATIVE UPDATE CONT.

Support of world-class Wisconsin institutional investors such as SWIB and WARF, which invest directly into venture funds and startups, lends credibility to the Wisconsin startups that are raising capital. It does the same for affiliated venture capital funds. The program would be managed by an institutional program manager with oversight and best practices from SWIB, WARF and others.

It would also incorporate what has been learned so far through the Badger Fund of Funds as well as documented practices from other states, which have been validated by well-known consultants such as Mercer and Marquette Associates. Through the Wisconsin Technology Council and its membership in the Tech Councils of North America, additional data can be derived from “sister” Tech Councils in the four Midwest states with similar programs.

We hope the governor and Legislature will consider acting on this proposal during the 2019-21 session.

How has the Tech Council helped in the past?

Since 2001, the Tech Council’s policy reports, recommendations and general advocacy have laid the foundation for more than a dozen initiatives, including:

1. Passage of the Badger “Fund-of-Funds” in 2013. This \$25 million investment by the state has been matched by private dollars on a 2-to-1 basis as the venture capital fund creates more recipient funds and makes investments;
2. Passage of the Act 255 investor tax credits (2004) and revisions to the nationally recognized program (2009, 2009 and 2018), with the latest improvement being the raising of the lifetime cap on credit-eligible investments in any one QNBV company from \$8 million to \$12 million;
3. Elimination of a unique, longstanding fee on angel and venture capital investments – or “paid-in capital” – into certain foreign C Corporations that meet Act 255 standards;
4. Creation of the Tech Council Investor Networks, which has expanded from five networks and angel groups in early 2005 to about 30 early stage groups today;
5. Expansion of the scope of allowable bonding projects for the Wisconsin Health and Educational Facilities Authority;
6. Repeal of the shareholder wage lien law, which discouraged investment in Wisconsin startup companies;
7. Improvements in laws governing entrepreneurial activity by University of Wisconsin faculty;
8. Improvements in processes and regulations vital to expanding broadband availability, especially in rural Wisconsin;
9. Extension of the “single-sales factor” sales apportionment for corporate income to technology and service firms in Wisconsin;

Early Stage Symposium set for November

One of the largest gatherings of investors and young companies in the upper Midwest is the Wisconsin Early Stage Symposium, which will be held Nov. 6-7, 2019, at the Monona Terrace Convention Center in downtown Madison.



This year, the annual “Innovation Day” sponsored by the Wisconsin Alumni Research Foundation will be held Nov. 5 at Monona Terrace, the product of a partnership between the Tech Council and WARF.

The combination represents two chances to see presentations by emerging companies in a mix of industry sectors. The Early Stage Symposium will feature about two-dozen companies in the juried “Tech Council Investors Network” track and about 15 younger companies in the fast-paced Elevator Pitch Olympics. The WARF “Innovation Day” will feature vetted campus-based technologies.

Investors who attend the full conference will be invited as guests to the annual “Investors Hall of Fame” dinner, which is sponsored by Baird Capital and Signature Bank.

10. Enactment of an Education Tax Credit to assist employers in hiring and training workers;
11. Support for the “Emerging Technology Centers” concept within the UW System, which was first envisioned as Centers of Excellence in the Tech Council’s Vision 2020 report;
12. Support for an Interdisciplinary Research Center, also through Vision 2020, which was consistent with the Wisconsin Institutes for Discovery and Morgridge Institute for Research, which opened in December 2010;
13. Broader recognition of the economic value of academic research and development in Wisconsin, which attract nearly \$1.3 billion in sponsored research each year;
14. Creation of the I-Q Corridor branding concept and support for multi-state relationships;
15. Passage of AB-729 in 2014, which allows the UW System to pursue classified research projects through a mechanism that allows for faculty governance with regular reporting to the Legislature;
16. Extension of funding for the WiSys, which assists UW System campuses in transferring technology to the marketplace.

What are the Tech Council’s national affiliations and priorities?

The Tech Council is a member of the Tech Councils of North America and its partner, CompTIA, which is the nation’s largest tech trade association.

TECNA includes organizations much like the Wisconsin Technology Council in many of the 50 states and all Canadian provinces. It regularly engages on issues that come before Congress and federal agencies, providing a valuable industry perspective.

One of TECNA’s current priorities is the “CHANCE in Tech Act,” S.1518/H.R. 3174, which aims to streamline the tech apprenticeship process for companies by allowing for state “intermediaries” that can work with the U.S. Department of Labor, businesses, schools and others.

The Tech Council takes part in Washington, D.C., “fly-ins” organized by TECNA to stay in touch with Wisconsin’s members of Congress and other policymakers. The group also helps to produce the annual “Cyberstates” report, which tracks tech employment and businesses in each state.

The Tech Council will host the 25th annual summer conference of TECNA, July 23-25, 2019, in the Madison area.



A Different School of Thought.

Baird Capital 

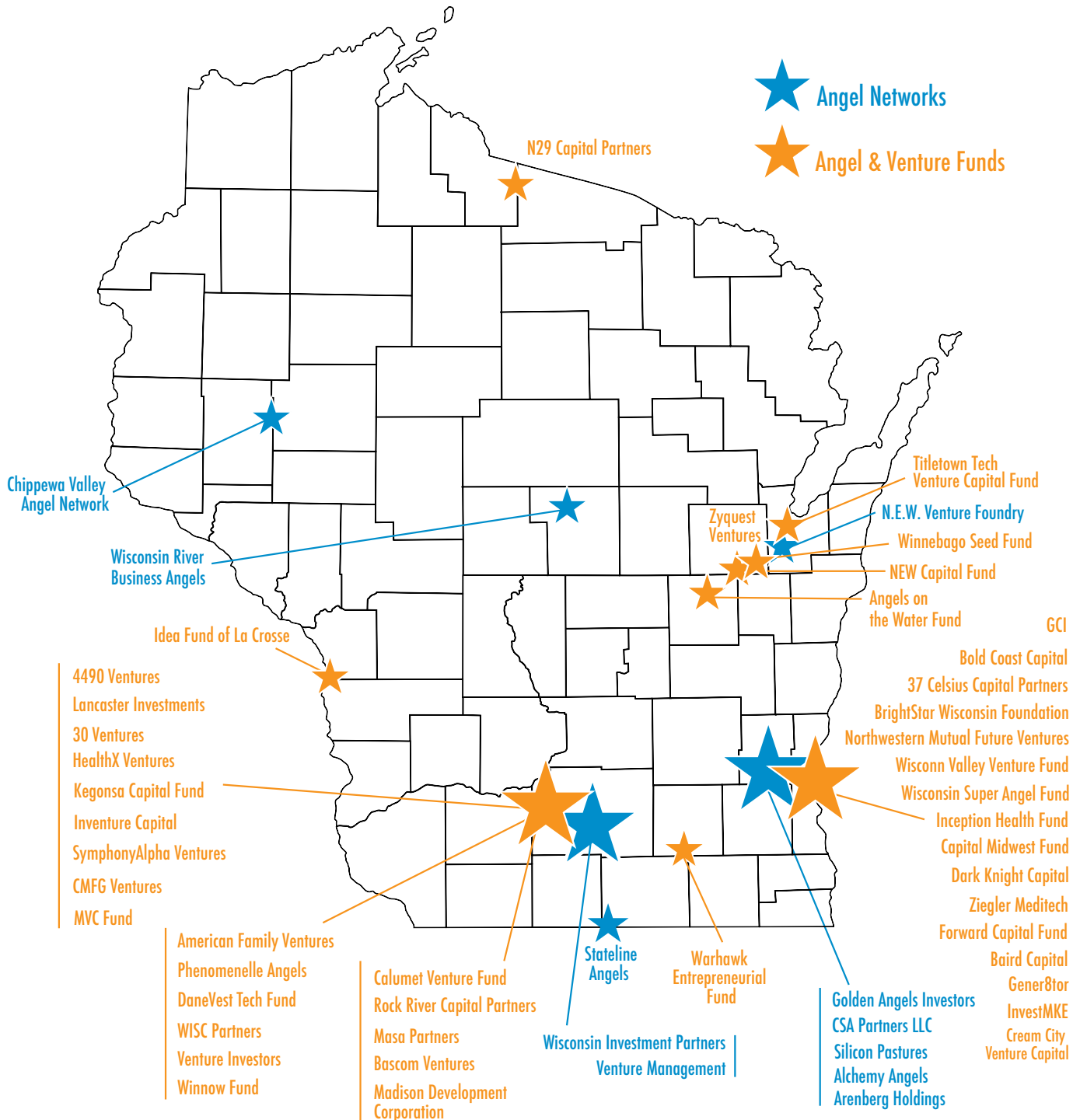
It’s rare to find a venture capital firm that fully appreciates a company’s unique qualities and vision for its future. At Baird Capital, our global platform, deep sector knowledge, investment experience and operational expertise enable us to partner with management teams across the Healthcare and Technology & Services sectors. Together, we strive to grow high-potential companies into standout businesses.

Discover our approach to venture capital.
Visit bairdcapital.com

©2016 Robert W. Baird & Co. Member SIPC. MC-47929.



TECH COUNCIL INVESTOR NETWORKS

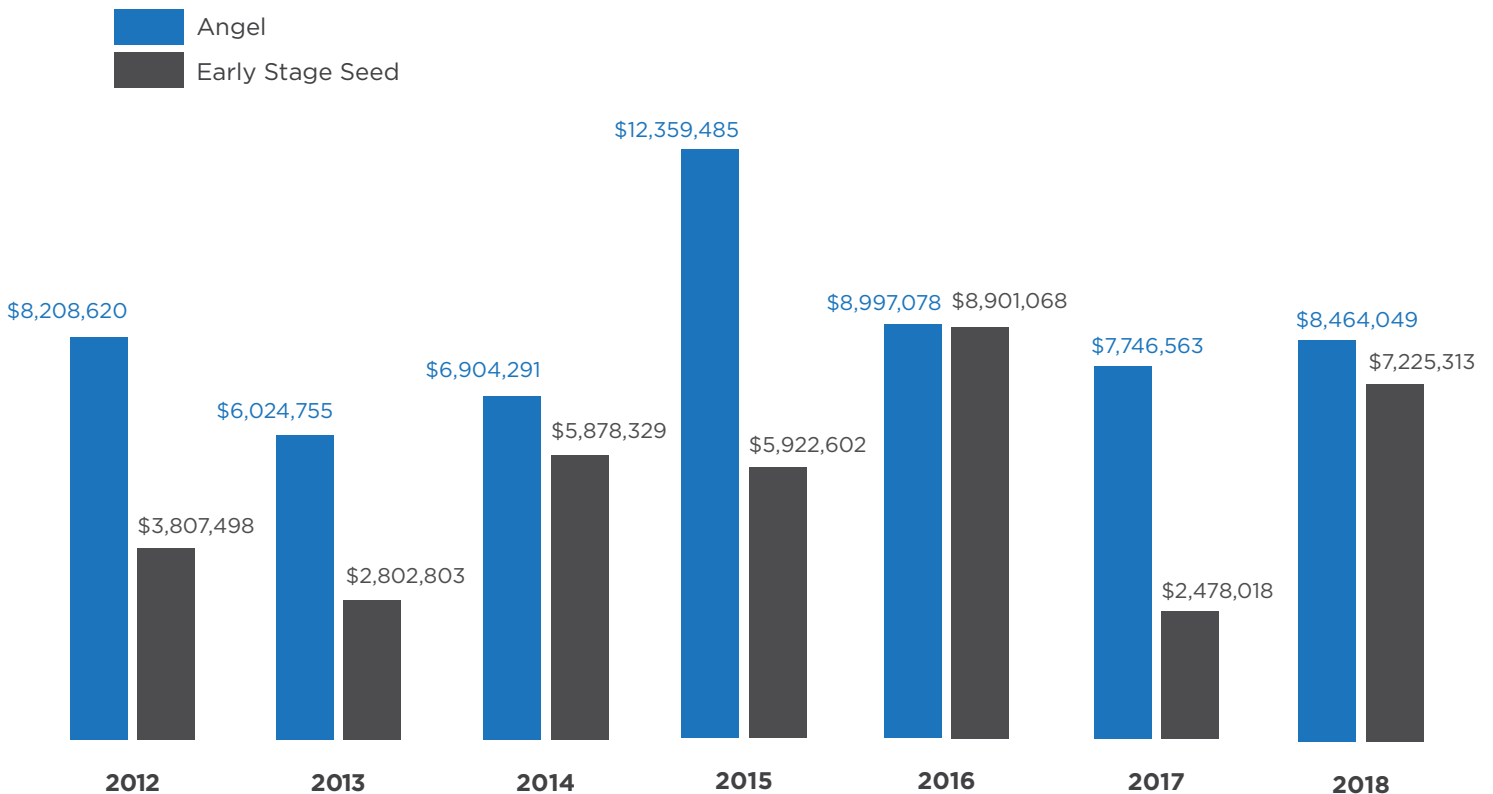


HOW WE DO IT



ACT 255 UPDATE

Verified tax credits for QNBV companies





2018 DEAL REPORTING

WI COMPANY

3rd Element
Abodo
Access Healthnet
Agrograph
Akitabox
Alinea Engage
Allergy Amulet
American Provenance
Asto CT
Atrility Medical
Avid Ratings
basic-code
Bellbrook Labs
BluDiagnostics
Brandbumps
Bright Cellars
Cata
Cellular Logistics
Central Standard
C-Motive
CO-D Therapeutics
ConsortiEX
Cytogen
Cytometix d.b.a. Cmxtwenty
Delta Beer
Dodles
Dream City Music
Driftless Brewing Co
Ease
Eatstreet
Emopti
energybank
Engineered Propulsion Systems
Ensodata
Errand Solutions
Exit 7C
FactoryFix
Fasetto
Fetch Rewards
Fisher King Winery
Flow Healthcare
FluGen
Forward Move
Frontdesk
GenoPalate
Gentueri
Good City Brewing
Goods Unite Us
Gravy Live
Gregor Diagnostics
Grocerkey
GymDandy
HealthFinch
HealthMyne
HuTerra
Ideawake
ImageMoverMD
Imbed Biosciences
ImBed Biosciences
Impact Sports

INVESTMENT

400,000
1,575,000
205,075
500,000
250,005
860,000
294,018
500,000
1,085,000
310,000
6,000,000
736,667
200,000
3,400,000
423,570
2,820,000
180,000
617,664
755,000
750,000
283,000
228,914
1,000,000
100,000
342,500
600,000
100,000
295,000
500,000
6,091,123
1,350,000
105,999
16,825,100
483,507
Undisclosed
235,000
1,500,000
11,128,009
7,999,995
100,000
161,002
5,583,000
330,000
850,000
1,707,065
500,000
483,000
485,000
2,000,000
900,000
2,500,000
121,500
6,000,000
15,000,000
1,180,194
225,000
1,600,000
95,000
1,600,000
20,000

INVESTOR

Winnebago Seed Fund
AmFam Ventures, 4490 Ventures, Undisclosed Investor(s)
Undisclosed Investor(s)
Idea Fund of La Crosse
Undisclosed Investor(s)
Golden Angels Investors, Advocate Aurora Health, Cream City Capital Fund, Brightstar WI Foundation
Undisclosed Investor(s)
The Winnebago Seed Fund, Tru Fragrance & Beauty
Undisclosed Investor(s)
MaSa Partners, Undisclosed Investor(s)
4490 Ventures, Beringea
Undisclosed Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Cleveland Ave, Cream City Venture Capital Fund, CSA Partners, N29 Capital Partners
Undisclosed Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Brightstar WI Foundation
Undisclosed Investor(s)
Individual Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Gener8tor, CSA Partners
Undisclosed Investor(s)
Golden Angels Investors, Advocate Aurora Health Individual Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Colle Capital, HealthX Ventures, Wisconsin Investment Partners, M25 Group, Sternhill Associates
Alumni Ventures Group, Bascom Ventures, Total Access Fund, Brightstar WI Foundation
Right Side Capital Management, Comeback Capital
Capital Midwest Fund, Great North Labs, Lancaster Investments, Gener8tor
Undisclosed Investor(s)
Loeb Enterprises, Greycroft, Great Oaks Venture Capital
Undisclosed Investor(s)
Undisclosed Investor(s)
Venture Investors, Undisclosed Investor(s)
Undisclosed Investor(s)
Lancaster Investments, Silicon Pastures, Proteus, Undisclosed Investor(s)
BrightStar Wisconsin Foundation, Gener8tor, Undisclosed Investor(s)
Winnebago Seed Fund
TACK Ventures, Undisclosed Investor(s)
Undisclosed Investor(s)
Rock River Capital Partners, MSA Capital, Undisclosed Investor(s)
First Round Capital, Green Park & Golf Ventures, WARF, Health Wildcatters
Woodman's Markets, Dunnhumby Ventures, Undisclosed Investor(s)
Individual Investor(s)
Adams Sreet Partners, Undisclosed Investor(s)
WARF, Venture Investors, 4490 Ventures, Bascom Ventures, Undisclosed Investor(s)
Brightstar WI Foundation, Undisclosed Investor(s)
Brightstar WI Foundation, Gener8tor, Advocate Aurora Health
HealthX Ventures, Brightstar WI Foundation, Undisclosed Investor(s)
Undisclosed Investor(s)
WISC Partners, Undisclosed Investor(s)
Undisclosed Investor(s)

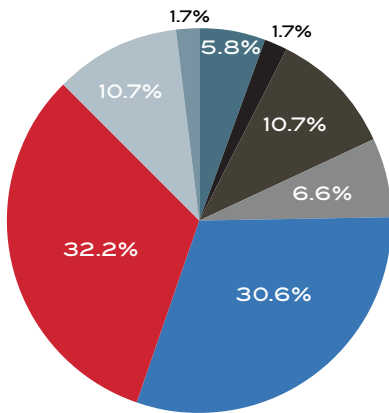
Invenra	7,127,814
Isomark	400,000
Jangobio	912,250
JetLenses	120,000
Kilo	1,699,837
Lanehub	335,000
Logistibid Corporation	330,000
Lumanu	1,000,000
Madison Vaccines	2,500,000
Medical Engineering Innovations	1,010,000
Midwestern BioAg	15,000,337
Monet Foods	100,000
Motivo	950,000
Murfie	585,000
Odyne Systems	1,087,306
OnLume	550,000
Opis Health	25,000
P4 Infrastructure	1,000,000
Paxafe	300,000
Pegex	8,335,097
Phoenix	9,500,000
Pinpoint Software	100,000
PlasmaE	15,000
Polco	1,500,000
Poliscope	500,000
Propeller Health	20,000,000
Pulsed Burst Systems	15,000
Pyxsee	210,000
Rebate Bus	500,000
Redox	3,000,000
Regenerative Medical Solutions	181,000
Rowheels	259,000
Scanalytics	533,000
SciArt Software	530,079
Securus Data Centers	724,167
Semba BioSciences	3,000,000
SHINE Medical Technologies	44,800,000
Sift Healthcare	1,000,000
SimpleMachines	910,000
Slipstream	30,000
SmartUQ	993,522
Socialeads	825,000
Somna Therapeutics	2,740,000
Somni	150,000
State Line Distillery	36,375
SteamChain	2,700,000
Stem Pharm	75,000
Swirl Insurance Services	1,250,000
TAI Diagnostics	11,060,729
TCARE	1,100,000
Titan Spine	16,724,672
Understory	7,543,214
Undisclosed Company	500,000
Upper Room Technology	75,000
Varigen Biosciences Corporation	150,000
VIP Crowd	820,000
Wantable	1,444,191
Wellbe	150,000
WellIntel	150,000
WoundZoom	550,000
Zurex Pharma	9,000,000

Venture Investors, State of Wisconsin Investment Board, Wisconsin Investment Partners
Undisclosed Investor(s)
Undisclosed Investor(s)
Y Combinator
Undisclosed Investor(s)
NEW Venture Foundry, Lancaster Investments
Undisclosed Investor(s)
Cream City Venture Capital Fund, Gener8tor, Right Side Capital Management, 500 Startups, Individual Angel(s)
Venture Investors, Wisconsin Investment Partners, Undisclosed Investor(s)
Serra Ventures, Undisclosed Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Individual Investor(s), Undisclosed Investor(s)
Undisclosed Investor(s)
Arenberg Holdings, Undisclosed Investor(s)
Wisconsin Investment Partners, Undisclosed Investors
Undisclosed Investor(s)
Undisclosed Investor(s)
Gener8tor
Plymouth Ventures, Capital Midwest Fund, WISC Partners
Deerfield Management, Wisconsin Investment Partners, Undisclosed Investor(s)
Undisclosed Investor(s)
The Water Council's BREW Accelerator (WEDC)
Undisclosed Investor(s)
Undisclosed Investor(s)
Aptar Group, Hikma Ventures, 3M New Ventures, SR One, Safe Guard Scientifics, Social Capital
The Water Council's BREW Accelerator (WEDC)
Undisclosed Investor(s)
Winnebago Seed Fund
HealthX Ventures, Flybridge Capital Partners, .406 Ventures, Intermountain Healthcare
Undisclosed Investor(s)
Undisclosed Investor(s)
N29 Capital Partners, Undisclosed Investor(s)
Idea Fund of La Crosse
Silicon Pastures, Undisclosed Investor(s)
Tosoh Bioscience
Undisclosed Investor(s)
Winnebago Seed Fund, Wind River Financial, Startup Health
Wisconsin Investment Partners, Undisclosed Investor(s)
Undisclosed Investor(s)
Undisclosed Investor(s)
Winnebago Seed Fund, Cream City Venture Capital, Brightstar WI Foundation
30Ventures, Bascom Ventures, Undisclosed Investor(s)
Jumpstart Foundry
Undisclosed Investor(s)
Capital Midwest Fund, Cream City Venture Capital fund, Gener8tor, BrightStar WI Foundation
Undisclosed Investor(s)
Undisclosed Investor(s)
Venture Investors, 30Ventures, United Therapeutics, Undisclosed Investor(s)
BlueCross BlueShield of MN, Reinsurance Group of America (RGAX), Gener8tor, Right Side Capital, Village Capital
Southlake Equity Group, Undisclosed Investor(s)
4490 Ventures, Revolution's Rise of the Rest Seed Fund
Idea Fund of La Crosse
FIS
Undisclosed Investor(s)
Undisclosed Investor(s)
Cream City Venture Capital, Brightstar WI Foundation
WISC Partners, Undisclosed Investor(s)
Clean Energy Trust
Undisclosed Investor(s)
Baird Capital Partners, Peak Ridge Capital, SWIB, Wisconsin Investment Partners, Square 1 Bank

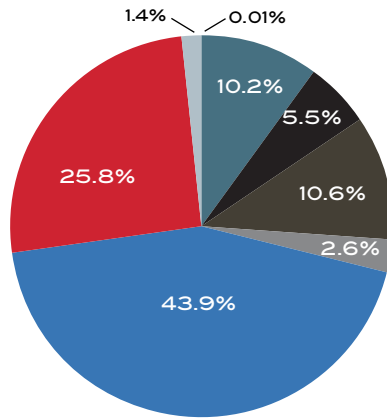


CHARTS AND GRAPHS

2018 DEALS
BY INDUSTRY

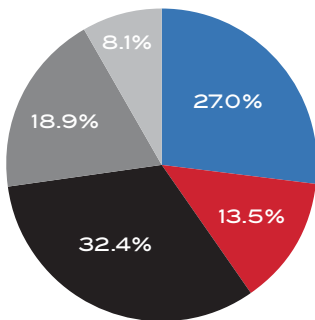


2018 CAPITAL
BY INDUSTRY

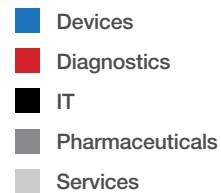
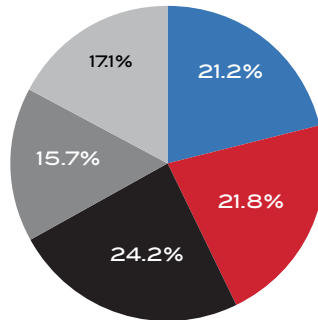


Healthcare and IT continue to be the focus of investor attention in 2018, both in number of deals and dollars invested.

HEALTHCARE DEALS
BY SECTOR

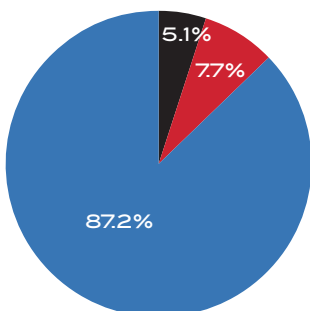


HEALTHCARE
CAPITAL BY SECTOR

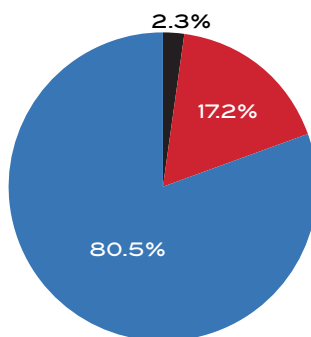


Healthcare: IT and Devices were the most popular sub-sectors in terms of number of deals. Investment capital was evenly distributed among the five sub-sectors.

IT DEALS BY SECTOR



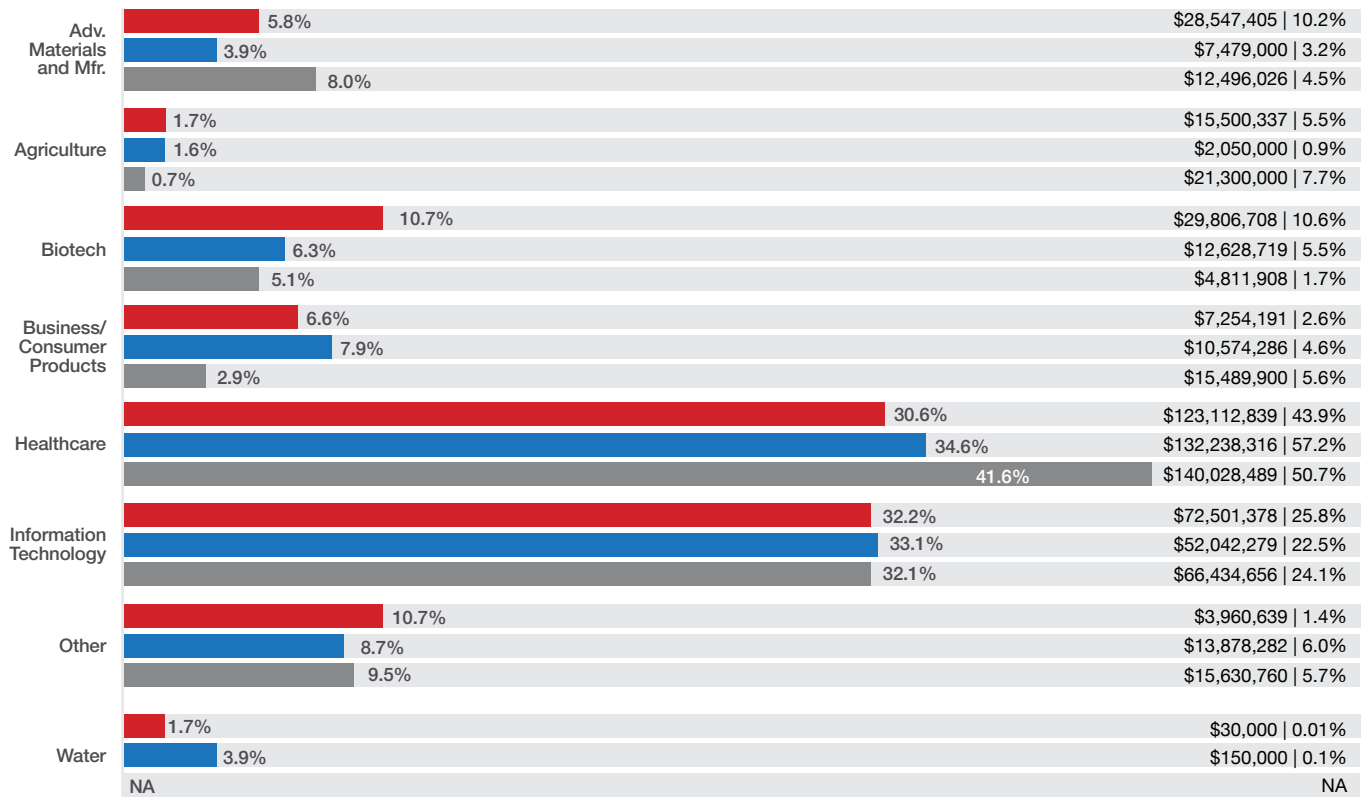
IT CAPITAL BY SECTOR



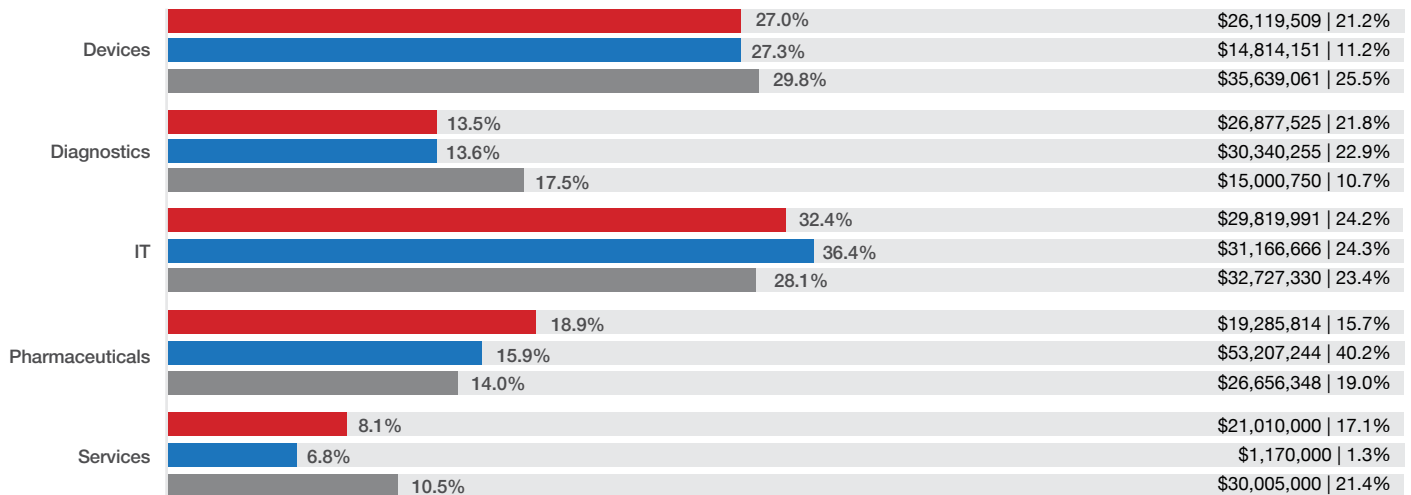
Information Technology: Software accounted for more than 80% of deals and IT dollars invested.

■ 2018 Deals ■ 2017 Deals ■ 2016 Deals

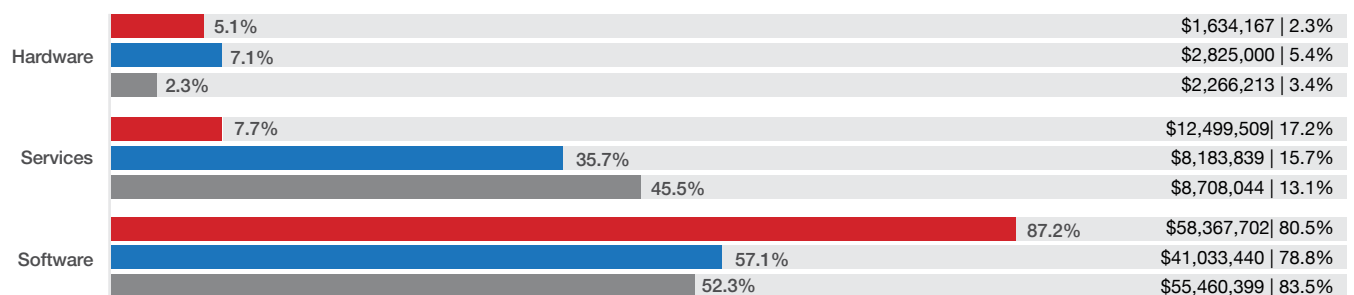
INDUSTRY TRENDS



HEALTHCARE



INFORMATION TECHNOLOGY

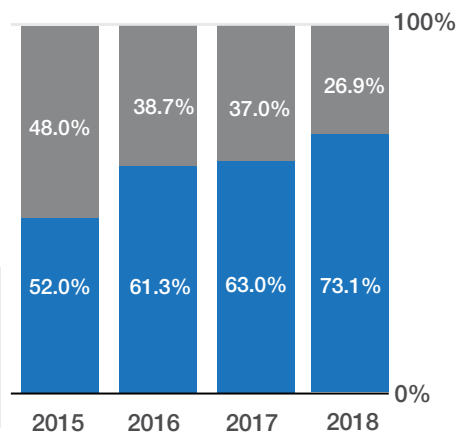




ANNUAL TRENDS

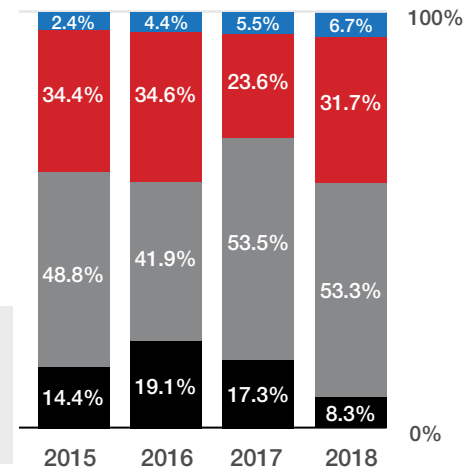
First-Time
Follow-Up

The share of companies that raised follow-on funding continues to grow.



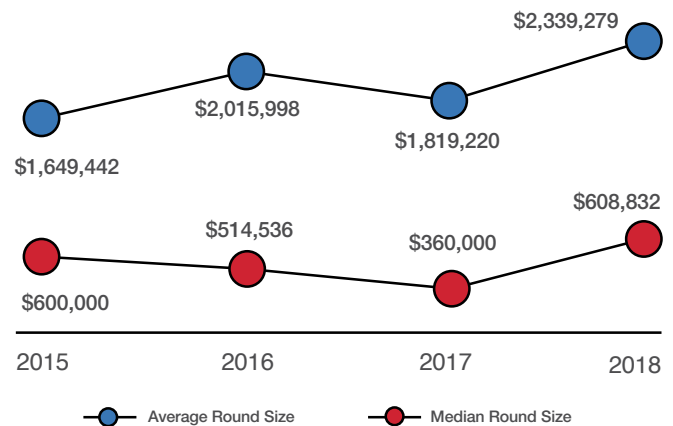
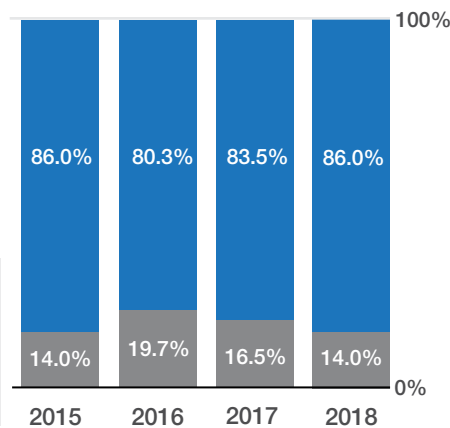
>\$10M
\$1M-\$10M
\$100k-\$1M
<\$100k

2018 saw more and larger deals: 38.4% of deals raised at least \$1 million each.



Male
Female

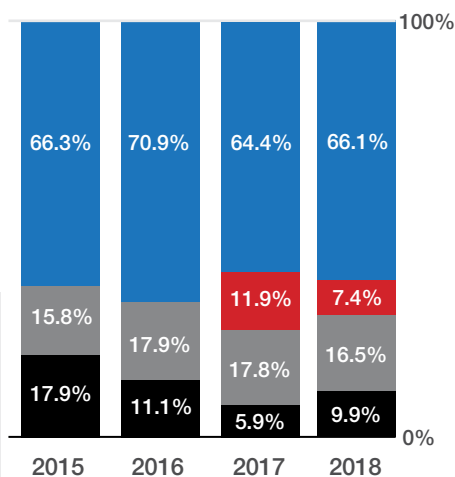
The share of women-led or owned business that raised funding decreased for the second year in a row.



Average and median round sizes were at their highest levels since this measuring began.

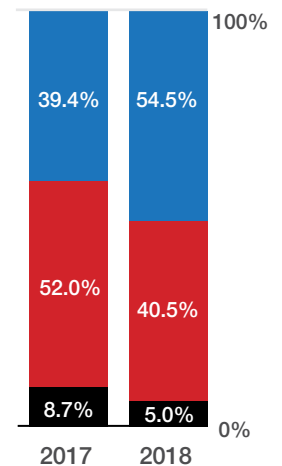
Equity
Equity & Debt
Debt
Seed

Equity financing continued to be the preferred security type. 2017 was the first year a combination of equity and debt was tracked.

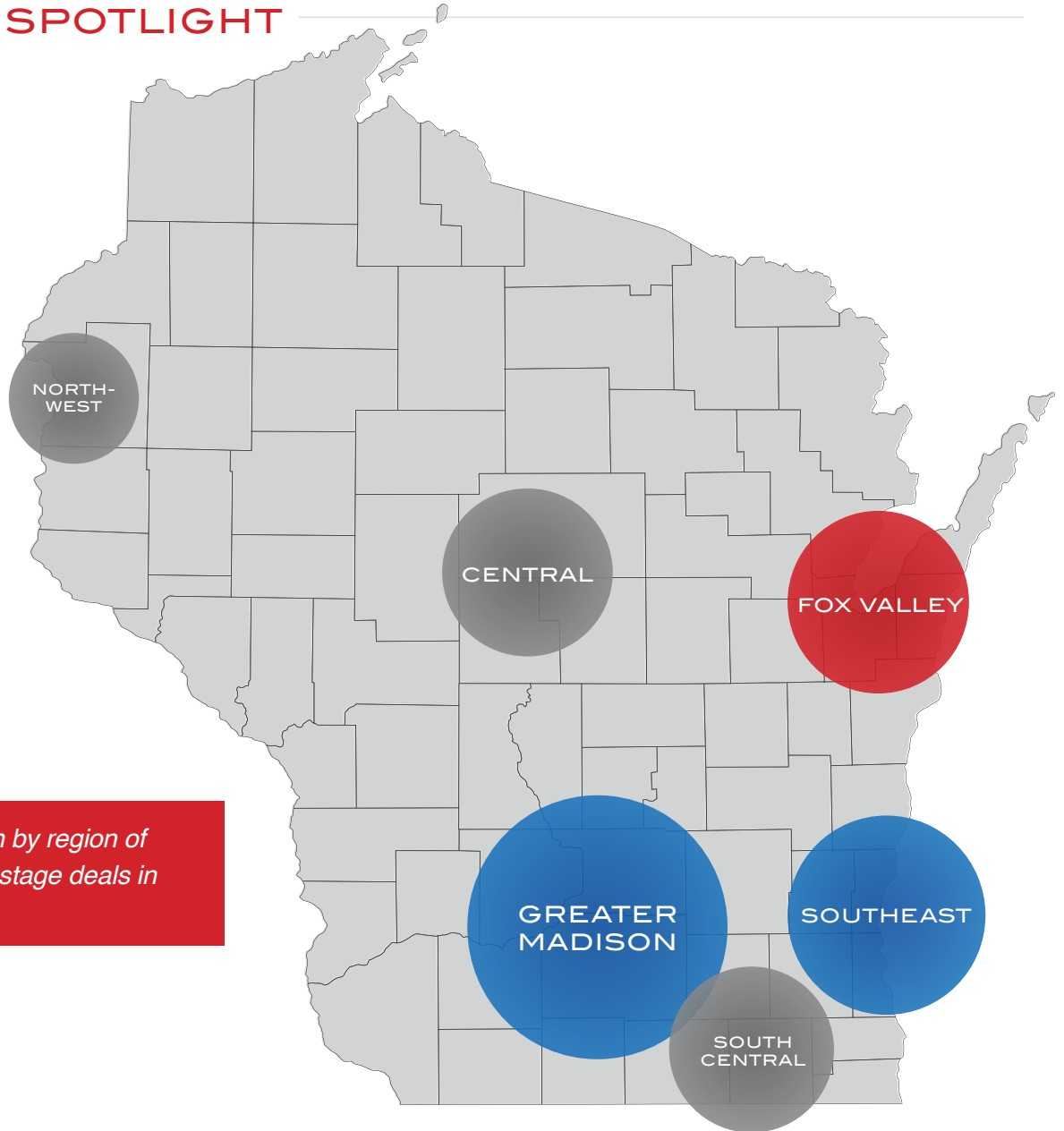


Venture Capital
Angel
Accelerator

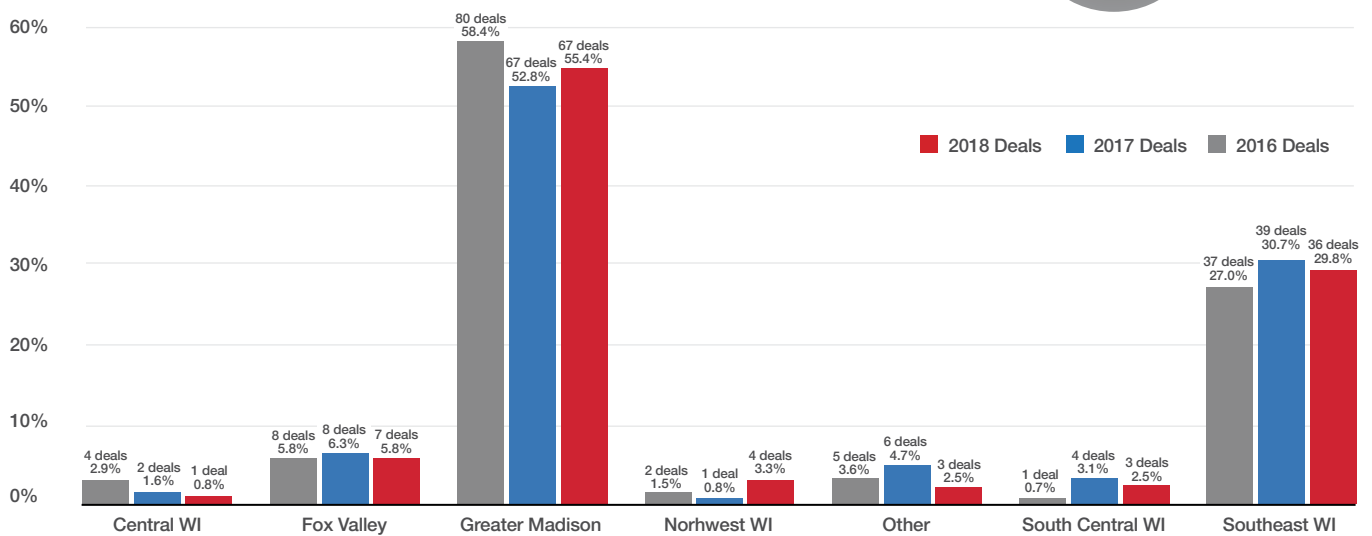
In 2018, 54.5% of companies that raised capital, raised a venture round. This is based on known investors or as a best guess based on previous funding rounds.



REGIONAL SPOTLIGHT



Here is a breakdown by region of reported 2018 early stage deals in Wisconsin





INVESTOR SPOTLIGHT

John Neis got his entrepreneurial start selling waterbeds.

by: Emily Oberwetter



After graduating from the University of Utah with a degree in finance, Neis and his friend began a furniture manufacturing business. “That’s how I really got entrepreneurship in my blood,” Neis said. Six years and two brick and mortar locations later, Neis sold his furniture business to return to get his Master’s at the UW-Madison.

Now, he’s the Executive Managing Director of one of the Midwest’s largest venture capital firms, Venture Investors, the president of the Wisconsin Venture Capital Association and has extensive experience directing portfolio companies.

Neis joined Venture Investors in May 1985, serving as vice president and on the board of directors until he became a managing director in 1997. As executive managing director, Neis has played no small role in elevating the venture capital firm to being one of the Midwest’s best.

Venture Investors focuses on innovations in healthcare. “Being in the backyard of a major research institute helped drive that decision,” Neis said. Working closely with the Wisconsin Alumni Research Foundation since 1993, Neis has played a role in an entrepreneurial wave on campus that has opened the door for healthcare ventures to succeed out of Madison.

Neis cites his involvement with TomoTherapy, a targeted radiation therapy company, as a personal point of pride. When TomoTherapy approached Venture Investors in 1999, they had one employee and a proof-of-principle prototype, a device to more accurately target radiation for cancer treatments. At the time, Neis’ younger brother was losing a battle with cancer so his interest in the opportunity became personal. Despite the challenges of entering a capital equipment market with large established competitors, Neis saw the potential of the technology to improve outcomes and led a Series A financing round.

When Neis left the TomoTherapy board in 2008, the company became the fourth largest healthcare IPO in the first decade of the millennium and had more than \$200 million in revenue, one of Venture Investors greatest success stories and a win in the fight against cancer.

Outside of Venture Investors, Neis is highly involved in the investment community, with leadership and advising positions at UW-Madison, the Wisconsin Technology Council and the Wisconsin Venture Capital Association.

“When we started making venture capital investments, it wasn’t a commonly known and understood area, the industry was tiny. We’ve felt a need to help educate all of the stakeholders in the state,” Neis said. “Anything we can do on the outside to improve networking and capability is going to enrich the ecosystem. We view it as an important way to give back and to help the entire state and community thrive”

As for any advice that Neis has for success? “Always surround yourself with the best possible people you can, hire people that are smarter than you and connect with people that bring different perspectives and skill sets to the table. We become a product of the company that we keep.”

On November 7, 2018, Neis was inducted into the Wisconsin Technology Council’s ‘Investor Hall of Fame’ for his immense involvement in Wisconsin venture capitalism. He continues to serve on the board of directors of the Wisconsin Technology Council, the board of directors of the Wisconsin Venture Capital Association, the advisory board of the Weinert Applied Ventures in Entrepreneurship (WAVE) for the School of Business at UW-Madison, and serves as chairman of the advisory committee of Tandem Press in the School of Education at the UW-Madison.

Reliable. Affordable. Environmentally Responsible.



Electricity is more than a convenience; it’s essential to the way we live our lives. When you flip the switch, boot up a laptop or just kick back and watch a movie, you depend on safe, reliable electricity.

Moving energy forward, from the source to where it’s used, is what American Transmission Co. is all about. That’s why as we plan for the electric grid of the future, we’re also keeping close watch on the grid of today to make sure you don’t miss a beat.

atcillc.com/PowerForward



**LUBAR
ENTREPRENEURSHIP
CENTER**



The LUBAR ENTREPRENEURSHIP CENTER helps students in all disciplines develop their creative ideas and entrepreneurial skills.

Learn more about our work at uwm.edu/lec.

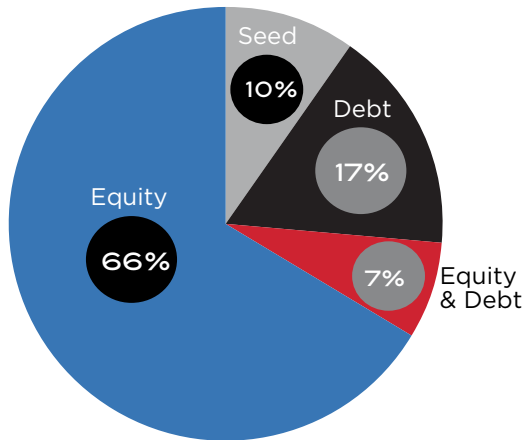


Peace of mind A good night's sleep takes more than a comfortable bed, it takes knowing that your family is safe. That's why, for more than a decade, the Enbridge Safe Community Program has granted over \$8.5 million to local first responders in neighbourhoods across North America. We are proud to support these dedicated men and women who put their own lives on the line to ensure that ours are protected at all times. When the energy you invest in life meets the energy we fuel it with, safe communities happen.



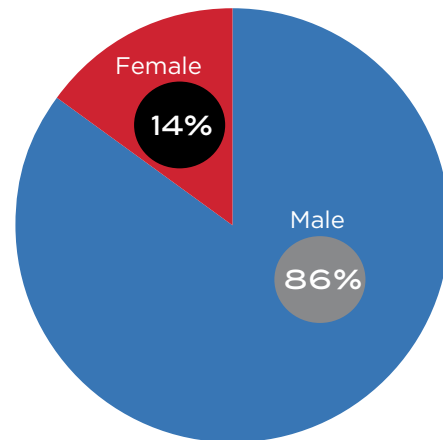
enbridge.com/safecommunity

INVESTMENT SECURITY TYPE (2018 INVESTMENT RECIPIENT COMPANIES)



Equity continues to be the preferred security type.

FOUNDER/OWNER GENDER (2018 INVESTMENT RECIPIENT COMPANIES)



The share of woman-led or owned businesses that received funding in 2018 was down from 2017: 14% and 16.5% respectively. According to the Center for Venture Research, fewer women led startups successfully closed a funding round in 2018.



FUELING INNOVATION IN WISCONSIN (AND BEYOND)

At American Family Insurance, we're empowering people to fearlessly pursue their dreams and carefully protect them, too. That's why we're fueling the aspirations of entrepreneurs and businesses throughout Wisconsin and beyond.

Let us be your catalyst for what's next.

American Family Ventures — amfamventures.com

Business Accelerator — amfambusinessaccelerator.com



American Family Mutual Insurance Company and its Affiliates, 6000 American Parkway, Madison WI 53783 010693 – Rev 5/18



Using data and technology to provide our members quality, affordable healthcare.

Insuring the public sector since 1970.

To learn more about WEA Trust: weatrust.com/info

ADV 0016-0218



VENTURE INVESTORS

Turning Innovation
into Health

ventureinvestors.com

Ann Arbor, MI

Madison, WI

SWIB

STATE OF WISCONSIN
INVESTMENT BOARD

www.swib.state.wi.us



Helping move
innovative ideas
forward.

“At the end of the day, they know where we’re coming from.”

People who know Startups, know BDO.



The Technology Practice at BDO

With advisors all over the world, BDO's Technology practice, along with seasoned private equity professionals, encompass more than traditional audit, tax, and advisory. Combining industry knowledge with experienced, service-driven professionals, we can help you address the diverse business issues affecting the industry.

**Wisconsin offices are located in Madison and Milwaukee.
Contact us at 608-836-7500.**

Accountants and Advisors
www.bdo.com/technology

© 2019 BDO USA, LLP. All rights reserved.





BUSINESS SUCCESS IS A JOURNEY BEST TAKEN TOGETHER.

WEDC works with you to maximize opportunities for your business **In Wisconsin®**. We listen to your needs and goals, and help identify the resources, tools and partners to achieve your vision. It's a collaborative approach to help ensure a successful journey. Get started by calling **855-INWIBIZ** or visiting **WEDC.org**.



Strengthening the fabric of our community.

**Old National proudly supports
Wisconsin Technology Council.**



30 Wisconsin Locations Preferred SBA Lender

oldnational.com

Member FDIC 



© 2018 Wipfli

INSPIRING INNOVATION AND GROWTH

As a firm that has provided accounting, tax, and consulting services to hundreds of venture-backed and early stage companies for over 88 years, Wipfli is committed to the success of emerging growth companies and our business community. Guided by our deep industry experience, Wipfli can help turn your ideas into reality and business challenges into tomorrow's opportunities. Contact Wipfli today.

Madison Office: 608.274.1980
wipfli.com

WIPFLI
CPAs and Consultants

Tomorrow's wealth management begins with today's start-ups

The Burish Group provides **strategic wealth planning** for entrepreneurs and business owners. Contact us today.



The Burish Group is proud to support the Wisconsin Technology Council.

The Burish Group
UBS Financial Services Inc

Wisconsin

Madison

8020 Excelsior Drive, Suite 400
Madison, WI 53717
608-831-4282

Milwaukee

411 East Wisconsin Avenue
Suite 1700
Milwaukee, WI 53202
414-289-3834

Brookfield

17775 West Bluemound Road
Brookfield, WI 53045
262-794-0872

Over \$4.3 billion in assets under
management as of 1 April 2019

ubs.com/team/burishgroup



As a firm providing wealth management services to clients, UBS Financial Services Inc. offers both investment advisory services and brokerage services. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business and that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information, visit our website at ubs.com/workingwithus. © UBS 2019. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC. VIP_05242019-1.v2 Exp.: 05/31/2020

SAVE THE DATE

Wisconsin Early Stage Symposium #ESSWI

NOV
6-7
2019

The **Wisconsin Early Stage Symposium**, produced by the Wisconsin Technology Council, is designed to unlock Wisconsin's entrepreneurial potential by providing the right combination of ideas, innovation, intellectual property and investment – as well as hands-on instruction and advice targeted to early stage companies ready to make the leap.

Conference highlights include:

- Presentations by more than two dozen companies in the **Tech Council Investor Networks' Track**. Investors from across Wisconsin and beyond will attend.
- The **15th annual Elevator Pitch Olympics**, which will provide 90-second presentation opportunities for more than 15 companies. A panel of experienced investors will judge the pitches and offer feedback.
- The 6th annual **"Excellence in Entrepreneurial Education"** award presentation.
- More than a dozen **panel discussions and seminars** featuring entrepreneurs, investors and others ties to the tech sector.
- **"Office hours,"** offering the opportunity to meet with subject matter experts on a variety of topics in small discussion groups.
- **Exhibit hall** showcasing more than 40 Wisconsin companies.
- Two receptions, two breakfast, two luncheons and other **networking opportunities**, including an investors-only dinner.



The **2018 conference** drew more than **550 people**, including entrepreneurs, investors, service providers, economic development partners, mentors, academic researchers and more.

Watch for more details on the **2019 Wisconsin Early Stage Symposium** coming soon at www.wisearlystage.com.

Photo courtesy of Monona Terrace

INVESTOR RESOURCE GUIDE

WISCONSIN TECHNOLOGY COUNCIL

The Tech Council is the science and technology advisor to Wisconsin's governor and Legislature. It is an independent, non-profit and non-partisan board with members from tech companies, venture capital firms, public and private education, research institutions, government and law. The Tech Council Investor Networks (see below) is among its programs.

Tom Still, president
(608) 442-7557 | Tstill@wisconsintechcouncil.com | wisconsintechcouncil.com

TECH COUNCIL INVESTOR NETWORKS (TCIN)

A program of the Wisconsin Technology Council, the mission of the TCIN is to fuel the growth of entrepreneurial, early stage financing throughout Wisconsin. TCIN produces and provides resources to the early stage investing community. Those resources include the "Deal-flow Pipeline," an online connection point for investors and entrepreneurs; assisting with angel network and early stage fund formation; facilitating investor collaboration, investor education events, communications, and other resources designed to help entrepreneurs seeking capital.

Bram Daelemans, director
(608) 442-7557 | Bram@wisconsintechcouncil.com

STATE OF WISCONSIN INVESTMENT BOARD (SWIB)

SWIB is the state agency that invests the assets of the Wisconsin Retirement System, the State Investment Fund and other state trust funds. As of December 31, 2017 SWIB managed about \$117 billion in assets.

Chris Prestigiaco, portfolio manager, private markets group
(608) 266-6723 | Chris.Prestigiaco@swib.state.wi.us | swib.state.wi.us

WISCONSIN ALUMNI RESEARCH FOUNDATION (WARF)

WARF is a non-profit organization that supports research, transfers technology and ensures that the inventions and discoveries of UW-Madison benefit humankind. The UW-Madison is a premier research institution with world-class faculty and staff who attract more than \$1 billion in sponsored research each year. WARF receives about 350 disclosures per year and has taken an equity share in 38 active companies.

Erik Iverson, managing director
(608) 263-9396 | eiverson@warf.org | warf.org

WISCONSIN SYSTEM TECHNOLOGY FOUNDATION (WISYS)

WiSys is a non-profit WARF subsidiary established to identify innovative technologies developed beyond the UW-Madison campus, primarily within 11 other UW System campuses and the UW Extension. It helps to bring those technologies to the marketplace for the benefit of the inventors, their universities, Wisconsin's economy and society.

Arjun Sanga, executive director
(608) 316-4015 | ASanga@wisys.org | wisys.org

UWM RESEARCH FOUNDATION

UWM-Milwaukee has annual research expenditures of about \$60 million. UWM Research Foundation's mission is to foster research, innovation and entrepreneurship at the UW-Milwaukee. The Foundation manages a growing portfolio of patents, with more than 100 issued or applied-for patents. The UWMRF Catalyst grant program has provided about \$4 million to seed projects with strong commercial potential.

Brian Thompson, president
(414) 906-4653 | briant@uwmfdn.org | uwmfdn.org

WISCONSIN ECONOMIC DEVELOPMENT CORP.

This agency offers technology loans and grants to qualified companies, assists in site and location matters, and manages the Qualified New Business Venture (QNVB) program for investor tax credits, among other programs.

Mark Hogan, chief executive officer and secretary
(608) 210-6701 | kathie.colbert@wedc.org
FOR SPECIFIC QNVB INFORMATION CONTACT: **Chris Schiffner**
(608) 210-6826 | chris.schiffner@wedc.org | inwisconsin.com

WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS (DFI)

DFI's mission is to ensure the safety and soundness of Wisconsin's financial institutions, to protect the consumers of financial services and to facilitate economic growth. The agency regulates and licenses financial service providers who do business in Wisconsin.

Kathy Blumenfeld
(608) 264-7800 | dfisecretary@wisconsin.gov | wdfi.org

MEDICAL COLLEGE OF WISCONSIN OFFICE OF TECHNOLOGY DEVELOPMENT

The MCW Office of Technology Development is responsible for managing the discoveries, inventions and other intellectual property assets of the Medical College of Wisconsin and advancing these discoveries. The MCW conducts about \$140 million in sponsored research each year.

Kevin Boggs, director
(414) 955-4381 | kpboggs@mcw.edu
mcw.edu/departments/technology-development

GENER8TOR

gener8tor is a Wisconsin-based accelerator that invests its community, capital, expertise, mentorship and network in capable, early-stage entrepreneurs with innovative business models. gener8tor works with the startups in its portfolio to create successful, scalable companies. Sponsored by American Family Insurance, gener8tor seeks to invest in technology-enabled businesses. Accepted companies receive \$70,000 and 12-weeks of mentorship-driven programming.

Troy Vosseller, co-founder; Joe Kirgues, co-founder
(414) 502-8880 | troy@gener8tor.co | joe@gener8tor.com | gener8tor.com

ANGEL CAPITAL ASSOCIATION

ACA is a collective of accredited investors that supports the success of angel and private investors in high-growth, early-stage ventures. The organization is the source for critical information and data that aligns the needs of angels, entrepreneurs, and the startup support community. Among its members are more than 240 angel groups and platforms and more than 13,000 individual accredited investors.

Sarah Dickey, ACA membership director
(913) 894-4700 | sdickey@angelcapitalassociation.org
angelcapitalassociation.org

TITLETOWNTech

Formed out of a partnership between The Green Bay Packers and Microsoft, TitledTownTech seeks to build, enable and invest in early-stage and existing businesses through its Innovation Lab, Venture Studio and Venture Fund. Located in TitledTown, west of Lambeau Field, it is uniquely situated at the heart of a transformative project that is receiving national attention.

Craig Dickman, managing director
(920) 217-1218 | dickmanc@titledtowntech.com | titledtowntech.com

COMPUTING TECHNOLOGY INDUSTRY ASSOCIATION

CompTIA is the world's leading tech association. With more than 2,000 members, 3,000 academic and training partners and tens of thousands of registered users spanning the entire information communications and technology (ICT) industry, CompTIA has become a leading voice for the technology ecosystem. TECNA is an affiliate organization of CompTIA.

Timothy Jemal, TECNA Executive Director
(949) 636-8946 | tjemal@tecna.org | comptia.org | tecna.org





**UNIVERSITY
RESEARCH PARK**
UNIVERSITY OF WISCONSIN-MADISON

New Headquarters for
Exact Sciences



always **INNOVATING**

GET EVOLVED: www.universityresearchpark.org/evolution