

# 2023

## WISCONSIN PORTFOLIO

# Weathering the Storms and Sailing ahead

15 years of tracking Wisconsin's early stage investments  
covering 2022 calendar year



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# 2023 WISCONSIN PORTFOLIO

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Welcome to the 2023 Wisconsin Portfolio, an annual publication of the Wisconsin Technology Council through its Tech Council Investor Networks and its partner, the Wisconsin Economic Development Corporation.



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# INTRODUCTION

Dear Readers –

The Wisconsin Tech Council and the Tech Council Investor Networks are proud to present the 2023 Wisconsin Portfolio, the state's premier early stage investing report. It contains the most complete compilation and analysis of entrepreneurial and investment activity in Wisconsin. This year's publication marks the 15th anniversary of the Portfolio and the Tech Council's tracking of Wisconsin investment data.

Wisconsin's entrepreneurial ecosystem continues to make great strides, with both large and smaller funding rounds having been successfully secured. **In 2022 more than \$640 million was raised by 107 companies.** This was the second highest total recorded, beating the third highest year by \$160 million, though not matching 2021 (\$868 million), which was a bumper year for investments across the United States.

However, Wisconsin still lags its neighboring states by significant amounts. Both Michigan and Illinois have taken large steps in the past to build their early stage investment market, which has created large investment markets for their entrepreneurs. In Wisconsin there appears to be bipartisan support for helping to build the early stage investment market. The Tech Council and its Investor Networks will continue to work with the governor and Legislature to advance early stage investment public policy, including creative ways to enhance venture capital formation.

This publication also features:

- A profile on Joe Hildebrandt, the 2022 inductee into our George Mosher Memorial Investor Hall of Fame
- New charts and graphs
- Policy highlights and updates
- A primer on early stage investing in Wisconsin
- A resource guide

Wisconsin's entrepreneurial spirit continues to grow with the support of an ever-growing early stage investment community. The Tech Council's Investor Networks will help spread the successful news of Wisconsin's entrepreneurs and its investors while staying focused on its mission to *Fuel the growth of investment capital in Wisconsin.*

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

All the best,

Joe Kremer, director  
Tech Council Investor Networks  
A Program of the Wisconsin  
Technology Council



**Tech Council Investor Networks:** For more information on the state's angel and venture capital funds, visit [wisconsintechcouncil.com/investors](https://wisconsintechcouncil.com/investors) or contact Joe Kremer at 608-442-7557 or [joe@wisconsintechcouncil.com](mailto:joe@wisconsintechcouncil.com).





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\*\* Based on comparison of carrier owned and operated networks. No AT&T on-net coverage in select countries, including Canada.



# EXECUTIVE SUMMARY

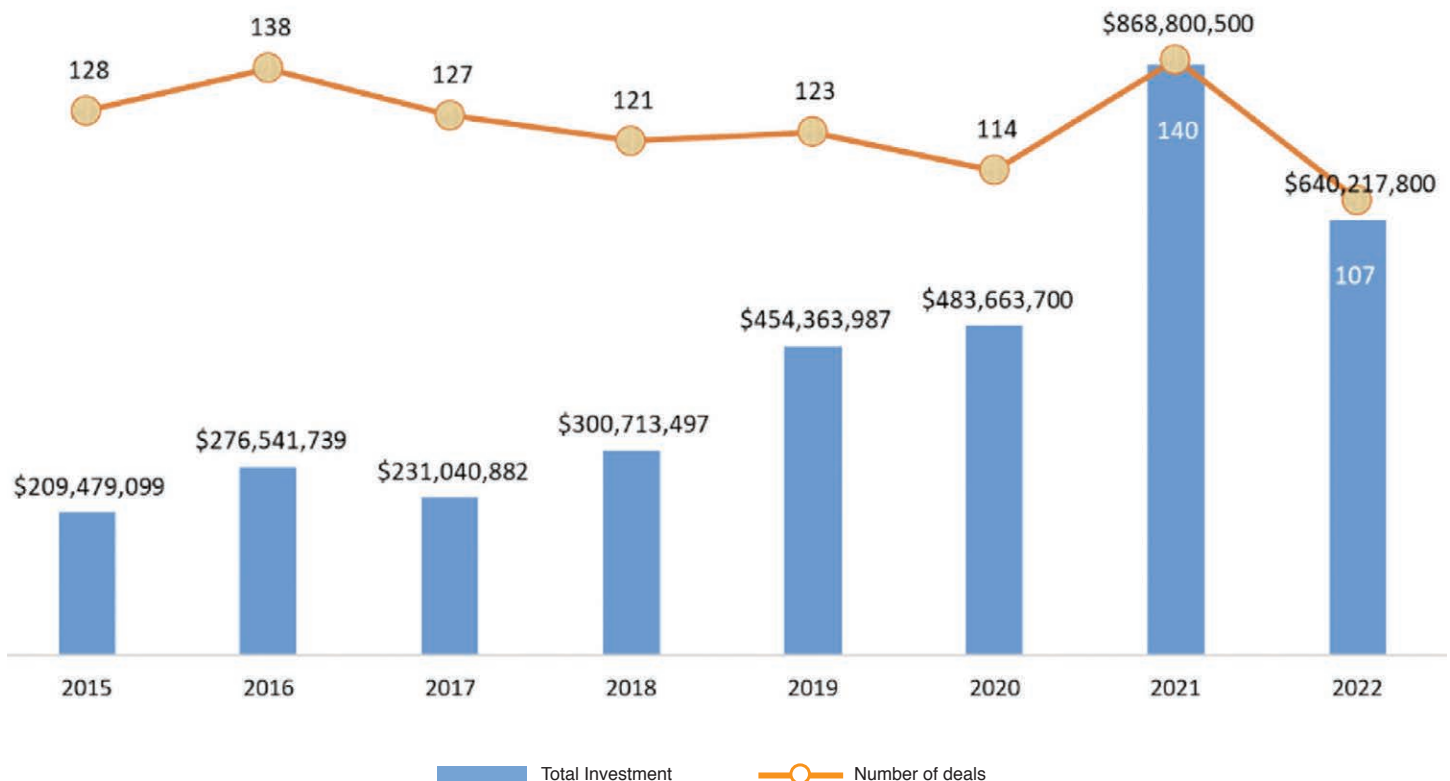
In 2022 Wisconsin's entrepreneurs raised at least\* \$640 million in 107 investment deals across the state. From Eau Claire to Racine to Washington Island, entrepreneurs from various communities secured funding to create and grow their businesses. 116 unique investment groups/funds\*\* were involved in the funding rounds, this includes 76 out-of-state investors participating in 32 funding rounds\*\*\*.

Wisconsin is continuing to show an expanding early stage investment market. While 2021 investments grew to dizzying heights across the country, 2022 saw a decrease from those numbers but still greater than any other years.

While there has been enormous success achieved by Wisconsin citizens, its community leaders and public policy makers to grow the entrepreneurial scene, more still needs to be done. Wisconsin continues to remain behind its neighboring states and for the state to gain parity with its neighbors, there is still much to do.

Each year data is collected from public reports, databases, filings, press releases, company websites, and investor surveys. When information is incomplete or contradictory, entrepreneurs and investors are contacted to clarify. By cross-checking the data from these sources, the Tech Council Investor Networks creates the most comprehensive list of early stage investing in Wisconsin. \*Though even with best efforts, not all private investment deals are captured in this report.

## ANNUAL TRENDS



One-hundred and seven of Wisconsin's early stage companies raised at least \$640,217,800 in 2022, the second-most ever recorded in the Wisconsin Portfolio (see pages 14-15 for individual deal reporting and analysis). Continuing a multi-year trend of larger rounds, 50 percent of companies raised \$1 million or more in 2022. In 2021 and 2022, 51 percent raised \$1 million or more, in 2019, 43 percent did so, and in 2018, 38 percent. This signifies startups are surviving and growing, attracting larger rounds of funding.

The Top 10 deals accounted for more than 70 percent of the total dollars invested, with **Fetch Rewards** alone securing one-third of all investment capital in 2022, \$240 million. Large investment rounds greatly impact the average round size, which in 2022 was nearly \$6 million. This is a good size as it signifies Wisconsin startups are growing and not just needing to secure larger rounds of funding, but they are also successful at doing so. On the flip side is another positive picture, median deal size was \$1 million, meaning 50 percent of the investments in 2022 were less than \$1 million. Wisconsin's earliest startups are raising the funding rounds they need to seed their plans and grow to the next level.

Out-of-state investors are continuing to play a significant role in the Wisconsin entrepreneurial ecosystem, with 76 unique investment groups participating in 32 rounds of funding in 2022. Wisconsin investors continue to develop connections with other investors and invite them into funding rounds. The 32 funding rounds with out-of-state investors participating alongside Wisconsin investors secured \$458 million 2022. (See more on pages 28 and 29.)

For the regional distribution of deals, 2022 saw some slight changes. Greater Madison area companies completed 44 percent of the deals, the most of all regions but down 4 percent from 2021.

The Southeast region picked up the most percentage points of deals, up by nearly 7 percent to just over 38 percent, bringing it closer to par with Madison. The Southwest region made an appearance in 2022 with 5 deals, in 2021 the area had no known deals reported or tracked. Although down from last year, the Northeast still increased its percentage of deals as compared to 2020, to 7.5 percent and with 8 deals recorded.

A new data point captured was the number of women serving in leadership roles. In 2022 two-thirds of startups that raised funding had at least one woman on the founding team, management team or board. This is a positive sign given that drilling down on the overall number of 68 companies with female leadership, only 15 of those had a female founder or CEO. There was no significant difference in the participation of women in leadership if the CEO was male or female.

Wisconsin continues to build its risk capital investment market, making great gains in the last 20 years but more still needs to be done to bring us closer to neighboring states. The Wisconsin Technology Council and its Investor Networks will continue to promote early stage investing in Wisconsin and the necessary public policy to support the continued growth of this important economic sector.

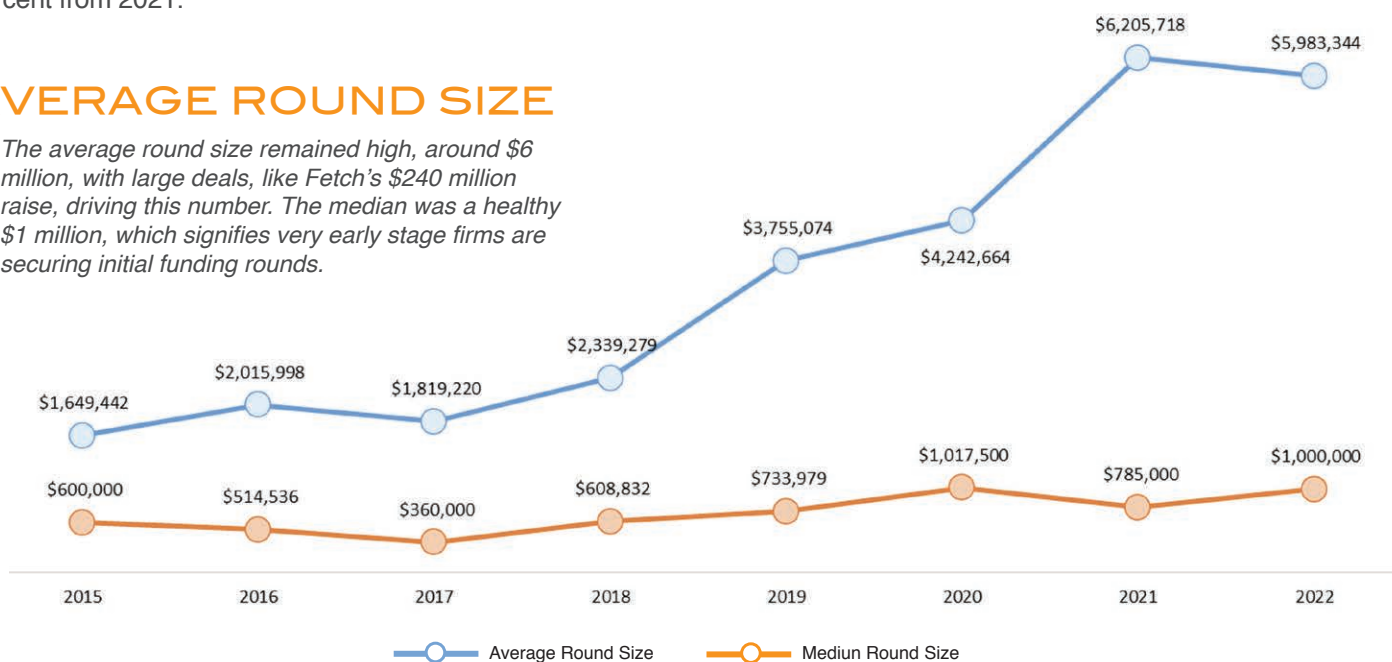
*\* While the data collected is the most comprehensive list available, not all deals are captured in public or private reporting.*

*\*\* This number does not include individual investors, only funds, angel networks and accelerators.*

*\*\*\* It is worth noting investor names were captured in 62 of the 107 deals, leaving 45 deals with unknown investors. Most likely there are far more out-of-state investors than known participating in Wisconsin deals.*

## AVERAGE ROUND SIZE

*The average round size remained high, around \$6 million, with large deals, like Fetch's \$240 million raise, driving this number. The median was a healthy \$1 million, which signifies very early stage firms are securing initial funding rounds.*





## ANNUAL COMPARISON - LARGEST DEALS

| 2020                            |            | 2021                        |             | 2022                |             |
|---------------------------------|------------|-----------------------------|-------------|---------------------|-------------|
| Fetch Rewards                   | 80,000,000 | Fetch Rewards               | 210,700,000 | Fetch Rewards       | 240,000,000 |
| SHINE Technologies              | 80,000,000 | SHINE Technologies          | 150,000,000 | SHINE Technologies  | 79,400,000  |
| NorthStar Medical Radioisotopes | 70,000,000 | Redox                       | 45,000,000  | Elephas Biosciences | 41,500,000  |
| Sunvest                         | 50,000,000 | Veda Data Solutions         | 45,000,000  | Moxie Health        | 30,000,000  |
| Vascugen                        | 10,000,000 | Leo Cancer Care             | 25,300,000  | EnsoData            | 20,000,000  |
| Ensodata                        | 8,960,000  | DataChat                    | 25,000,000  | Polco               | 14,000,000  |
| FluGen                          | 8,185,000  | Rentable (Abodo)            | 22,500,000  | Frontdesk           | 13,000,000  |
| Zurex Pharma                    | 7,500,000  | FlexCompute                 | 22,480,000  | Syntheticaic        | 13,000,000  |
| Frontdesk                       | 6,800,000  | Elephas Biosciences         | 21,000,000  | Understory          | 12,040,000  |
| OnLume                          | 6,600,000  | Sellars Absorbent Materials | 20,500,000  | Leo Cancer Care     | 10,000,000  |
| \$328,045,000                   |            | \$587,480,000               |             | \$472,940,000       |             |

The top 10 deals accounted for more than 70 percent of the total dollars invested, with Fetch Rewards alone securing one-third of all investment capital in 2022, \$240 million. Large investment rounds greatly impact the average round size, which in 2022 was nearly \$6 million. This is a good size as it signifies Wisconsin startups are growing and not just needing to secure larger rounds of funding, but they are also successful at doing so.



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Wisconsin Economic Development Corporation believes in the brilliance of Wisconsin's innovators and entrepreneurs. The connections, access to funding sources and technical resources offered through our Entrepreneurship and Innovation Division help to propel startups from idea to commercialization.



**LOOK FORWARD >**

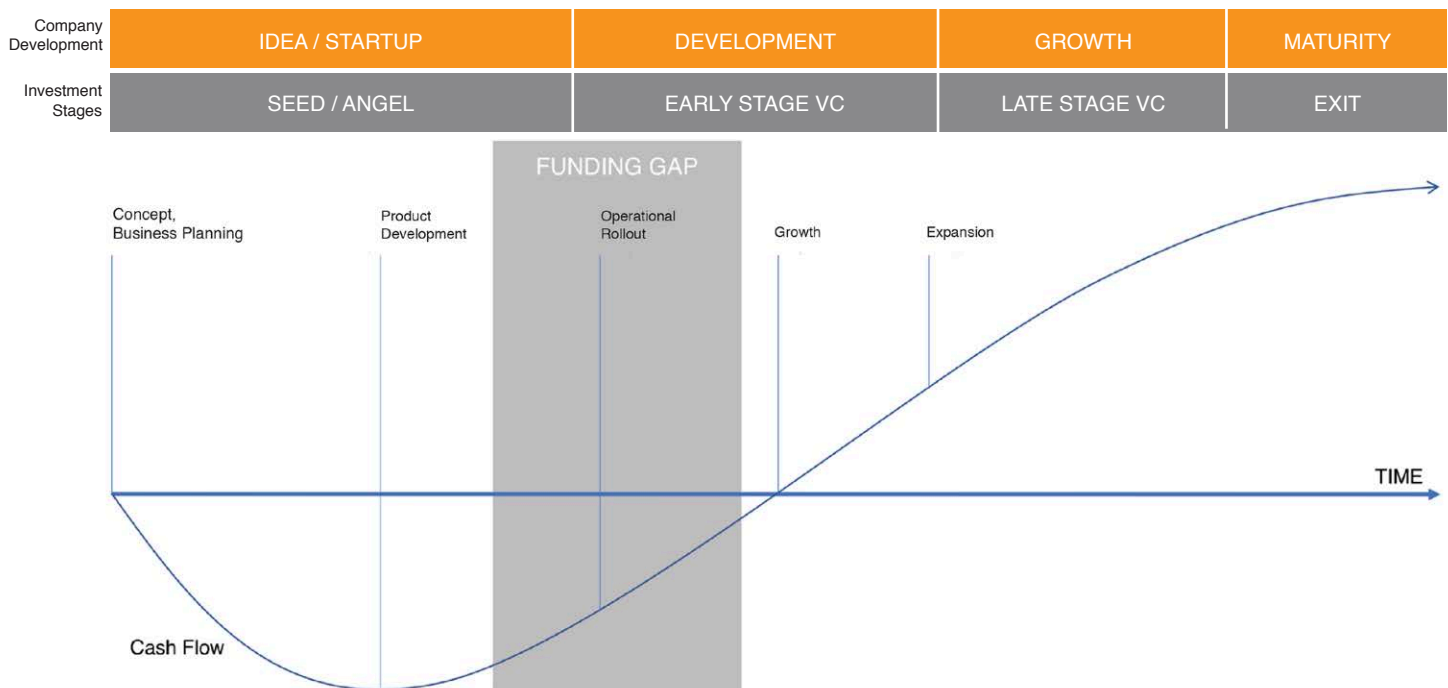
Learn more about how WEDC and its E&I Division fuel business innovation in Wisconsin at [wedc.org/entrepreneurs](http://wedc.org/entrepreneurs).



# 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 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 the Tech Council Investor Networks

The source of the money needed to reach 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 investors, angel groups, and early stage funds. Funding can range from \$50,000 up to \$10 million, in some cases. 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 (VC) market takes the reins.

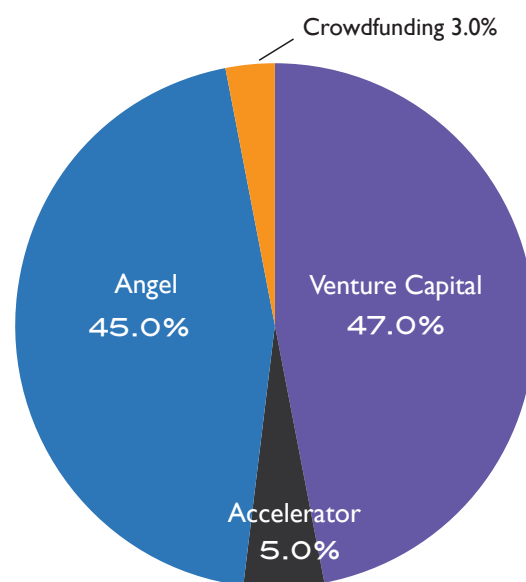
Fueling rapid growth, VC involvement often results in significant increases in company valuation. Through this increase in valuation, the VCs exit the business by one of two means, taking the venture public (Initial Public Offering, or IPO) or selling it to a strategic acquirer. It is through these “exits” 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 rectangle highlights the portion of the early stage market that is considered the most challenging. Often referred to as the funding gap, this area represents a funding dead-spot where few or no investment rounds are secured. In 2022 the funding gap was between \$7 million to \$10 million, an improvement from 2021. This is an improvement, but it is unknown if this is a temporary change or permanent. Regardless Wisconsin’s early stage investment market badly needs an increase in early stage funds, those that angel investors are able to pass the mantle to through future funding rounds.

It is through this handing over of funding responsibilities from angel investors to venture capitalists that forms a vital partnership. Angels and individual investors are typically the earliest investors and rely on future, larger investors to continue to fund successful startups. This type of collaboration results in startups evolving into successful business providing well-paying jobs and commercializing new technologies.

Despite the funding gap, many Wisconsin entrepreneurs are finding ways, and the investors needed, to get them beyond it and into larger rounds.

**FINANCING STAGE**  
(2022 INVESTMENT RECIPIENT COMPANIES)



Madison-based Fetch Rewards is one of about 700 “unicorns” in the United States. Other than being a mythical horse with a pointy horn protruding through its forehead, what is a unicorn?

The term unicorn refers to a privately held startup company valued at more than \$1 billion. According to Investopedia, the term was first popularized by venture capitalist Aileen Lee, founder of Cowboy Ventures, in 2013. She first wrote about them in her article, “Welcome to the Unicorn Club: Learning from Billion-Dollar Startups,” in which she looked at software startups founded in the 2000s and estimated that only 0.07 percent of them ever reach a \$1-billion valuation.



# TO GROW AND KEEP YOUNG COMPANIES, WISCONSIN MUST COMPETE

*By Tom Still*

MADISON, Wis. - Wisconsin should place more faith in its young, homegrown companies.

One need not look very far to draw that conclusion. A quick tour across the Midwest reveals that many nearby states are investing their futures, sometimes with little more collateral than a sense of promise in people, ideas and technology. Here are examples:

- In Indiana, the Next Level Fund has been co-investing \$250 million in state money with private firms since shortly after its inception in 2017.
- Ohio's Third Frontier Fund has invested \$221 million since 2016 in six venture capital development funds, which will get another \$83.2 million from the state through 2025. A recent report concluded the six Ohio organizations have returned \$66 for every \$1 invested from 2016 through 2020.
- The Illinois Growth and Innovation Fund, launched in 2016, has invested from a pool of \$1 billion that includes state matching dollars.
- In May 2023, a group in Michigan asked the Legislature to create a one-time, \$126 million "Michigan Startup Evergreen Fund" modeled after the Ohio effort. Michigan has previous experience in venture capital development that attracted some of the nation's larger funds to the state. The latest effort aims to plug a seed and early stage funding gap.

The list goes on: Politically red and blue states such as those listed above have good company in Texas, Florida, Maryland, Massachusetts, Missouri, Minnesota, Nebraska, New York and Pennsylvania. They're all hoping to keep pace with California, which through a head start in the 1950s created its tech-based, venture-driven economy.

Wisconsin's support for early stage investing got off to a solid start with the birth of its investor tax credit program in 2005, a platform alive and well today. It has helped angel and venture capital investments statewide grow from the tens of millions of dollars annually in the early 2000s to roughly \$1.5 billion spread over 2021 and 2022.

That was followed by the creation of the Badger Fund of Funds in 2013, which has levered \$25 million from the state along with private dollars to invest in about three-dozen companies.

That sounds like progress -- and it certainly is -- but Wisconsin still isn't keeping up with the "Joneses" in any neighborhood, let alone the Midwest.

Wisconsin represents nearly 2% of the U.S. population and is home to some of the nation's finest research institutions and major companies. State partnerships just attracted two of 44 National Science Foundation grants awarded in a nationwide competition starting with more than 400 applications.

And yet, Wisconsin has only one-third of 1% of America's venture capital under management. Statistica reports Wisconsin was 29th among the 50 states in the dollar value of venture capital investment in 2022, behind Vermont and Wyoming.

That means young companies born in Wisconsin and financed here through the startup phase may be forced to look elsewhere for serious, multi-million-dollar investment rounds. If they find those rounds elsewhere, their investors may well compel them to move.



Think of that scenario: Wisconsin educates its young people through its K-12 schools, tech colleges and public and private colleges; offers solid entrepreneurial programs to help them launch companies; and leaves it to investors and financial forces elsewhere to capitalize on that potential and spirit those young companies away.

Looking at it from outside Wisconsin's borders, it must look like an economic version of the New York Yankees and Kansas City Athletics baseball relationship back in the day - with Wisconsin replacing the A's as the perpetual farm team.

Republicans and Democrats in the Wisconsin Legislature can and do disagree on many things, but it should be possible to agree on steps to invest in homegrown assets - people, ideas and technologies - that will pay dividends to the state for years. A roadmap is available if there is a will to follow it.


*Still is president of the Wisconsin Technology Council. He can be reached at [tstill@wisconsintechcouncil.com](mailto:tstill@wisconsintechcouncil.com).*



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# WITH BIG GOALS IN MIND, NSF INVESTS IN TWO HOMEGROWN IDEAS THAT COULD DRAW INVESTOR INTEREST

By Tom Still

During a fireside chat on the UW-Madison campus in March 2023, a leader in the National Science Foundation's newest and most hands-on program gave a tip of the hat to what he was seeing in his quick tour of Wisconsin.

"There's talent all around this state," said Erwin Gianchandani of NSF's Technology, Innovation and Partnerships directorate. "And it's incumbent on us to be able to find ways to be able to create opportunity for that talent... to create pathways for that talent to become a part of the STEM-driven workforce and economy of the 21st century."

Roll forward two months, and NSF made good on Gianchandani's observation that Wisconsin has the tech, talent and market-based tools to help build a brighter future.

Capping a competitive process that began in early 2022 with a nationwide call for ideas, the NSF announced in mid-May that two Wisconsin partnerships had been awarded \$1 million "Type 1" grants through its Regional Innovation Engines program. Two-year grants were awarded to:

- A team led by The Water Council in Milwaukee to plan how water and energy can be more efficiently used by manufacturers and utilities, with goals of addressing climate change, confronting higher energy costs and leveraging private investment over time.
- A group led by WiSys, a foundation that primarily works with researchers, innovators and entrepreneurs in communities outside Madison and Milwaukee, to model ways to make agriculture more sustainable and responsive to markets and labor needs.

A few million dollars won't get all that done, of course, but if the two Wisconsin teams create interdisciplinary plans that can be applied statewide as well as nationally, the next stage in the NSF process would be \$160-million "Type 2" grants to implement those ideas over 10 years.

Of the 500-plus applications for the Type 1 NSF grants, only 44 were awarded. The fact that two landed in Wisconsin -- with its long history of water, agricultural and manufacturing innovation -- speaks well of the state's potential to apply science and technology to core assets in ways that can be adopted by others.

It also represents something that can be rare in society today, which is collaboration among groups and regions that might not always have a lot in common.

Partners in The Water Council proposal are the MKE Tech Hub Coalition, Marquette University, the Wisconsin Center for Manufacturing and Productivity, the Madison Region Economic Partnership and the Wisconsin Technology Council.

Among the many partners in the WySys grant are the 13 UW System campuses, multiple private companies and foundations tied to farming or natural resources, the U.S. Geological Survey, the Wisconsin Alumni Research Foundation, the Wisconsin Economic Development Corp. and the Tech Council.

**Moving ahead, both partnerships – working with the Tech Council and its Investor Networks – hope to put more emerging companies and potential deals in front of investors.**

By creating its new Technology, Innovation and Partnerships wing (the first new directorate in 30 years) the NSF signaled it was adapting to the times. Long known for its basic science research grants, the NSF resolved to become more attuned to markets, workforce needs, diverse communities and emerging national challenges. If there's a one-word theme, it's resiliency.


Resilience to the NSF means solutions tied to the effects of a changing climate; the need for sustainable practices in energy, agriculture and manufacturing; better responses to natural disasters; building a stronger supply chain; and becoming more reliant on domestic sources where possible.

It also determined to dig deeper for good ideas in places outside traditional tech corridors on the East and West coasts. Only two of the 44 Type 1 grants are based in California, for example, and six in the nation's northeast states. The bulk of the selected proposals are east of the Rocky Mountains, in the Midwest or the South, and they address many tech-based challenges. Wisconsin is among a dozen states with two or more awards.

"In many ways, this is a generational opportunity," NSF's Gianchandani said during his March visit to Madison. "This is our generation's Sputnik moment, and we're not going to be able to solve it if it's just a few of us. It has to be all of us working together on the same page to be able to get where we want to get."

It's good that Wisconsin has a few words on that ambitious page.

*Still is president of the Wisconsin Technology Council. He can be reached at [tstill@wisconsintechcouncil.com](mailto:tstill@wisconsintechcouncil.com).*



***"At the end of the day,  
they know where we're  
coming from."***

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## WISCONSIN COMPANY

## \$ RAISED INVESTORS

|                                 |             |   |
|---------------------------------|-------------|---|
| 2ft. Design Data                | 50,000      | Doyenne Group's Evergreen Fund  |
| Advanced Ionics                 | 4,200,000   | Clean Energy Ventures, SWAN Impact Network  |
| Adventa Bioscience              | 410,000     | Undisclosed Investor(s)   |
| Alumni Nations                  | 70,000      | Undisclosed Investor(s)   |
| American Provenance             | 358,000     | Lancaster Investments, gener8tor, SKU, Tru Western, Winnebago Seed  |
| Atrility Medical                | 3,386,000   | Rock River Partners, WARF Ventures, Wisconsin Investment Partners, Milwaukee Venture Partners   |
| Attwill Medical Solutions       | 1,705,000   | Courtney Ventures, Undisclosed Investor(s)  |
| Bend Health                     | 500,000     | Maveron, SteelSky Ventures, WVV Capital   |
| Benny                           | 1,000,000   | Matchstick Ventures, Techstars  |
| Bioionix                        | 1,455,000   | Undisclosed Investor(s)   |
| Blue Line Battery               | 4,263,000   | MCL Industries Inc., Grey Collar Ventures, Milwaukee Venture Partners, Wisconsin River Business Angels, G Angels, Tundra Angels, BrightStar Wisconsin   |
| Brandbumps Marketing Group      | 25,000      | Undisclosed Investor(s)   |
| ChemDirect (Fortem Invenio)     | 6,590,000   | Schneider National, Undisclosed Investor(s)   |
| Child Health Imprints           | 6,800,000   | Undisclosed Investor(s)   |
| Clandestine Materials Detection | 200,000     | Undisclosed Investor(s)   |
| CLOCworks                       | 1,250,000   | Undisclosed Investor(s)   |
| COnovate                        | 940,000     | Tundra Angels, Milwaukee Venture Partners, Individual Investor(s)   |
| ConsortiEX                      | 150,000     | Undisclosed Investor(s)   |
| CyteGen                         | 1,100,000   | Undisclosed Investor(s)   |
| Driftless Extracts              | 2,116,500   | Kemin Industries, Undisclosed Investor(s)   |
| DropCap                         | 2,000,000   | BrightStar Wisconsin, Idea Fund of La Crosse, Lancaster Investments   |
| Elephas Biosciences             | 41,500,000  | ARCH Venture Partners, WARF Ventures, Moore Strategic Ventures, Northpond Ventures, Sands Capital, Tao Capital Partners   |
| EmOpti                          | 425,000     | Undisclosed Investor(s)   |
| energybank                      | 24,000      | Undisclosed Investor(s)   |
| EnsoData                        | 20,000,000  | Inspire Medical Systems, HealthX Ventures, Colle Capital Partners, M25, Venture Investors, Great North Ventures   |
| Estrigenix Therapeutics         | 150,000     | Concordia Angel Network   |
| Evolve Brands                   | 173,000     | Undisclosed Investor(s)   |
| Fenster Analytics               | 500,000     | Winnow Fund, Undisclosed Investor(s)  |
| Fetch                           | 240,000,000 | Hamilton Lane, Archer Venture Capital, NielsenIQ, TelevisaUnivision, SoftBank Vision Fund 2, ICONIQ Growth, DST Global, Greycroft, Gaingels, Headline, 10X Capital, Wisconsin Investment Partners |
| Flugen                          | 5,400,000   | Venture Investors, SWIB, WARF Ventures  |
| Forj Software                   | 12,450,000  | Undisclosed Investor(s)   |
| Frontdesk                       | 13,000,000  | Stormbreaker Ventures, JetBlue Technology Ventures, Veritas Innovations, Motivate Venture Capital, Lancaster Investments  |
| Galiliei BioSciences            | 1,625,000   | Apollo Health Venture, WARF Ventures  |
| Geno.Me                         | 2,500,000   | HealthX Ventures, CSA Partners  |
| GenoPalate                      | 6,047,500   | Undisclosed Investor(s)   |
| Glazd                           | 1,240,000   | Undisclosed Investor(s)   |
| GlobaLaseReach                  | 325,000     | Undisclosed Investor(s)   |
| Goods Unite Us                  | 130,000     | MaSa Partners   |
| Hero Cards                      | 250,000     | Undisclosed Investor(s)   |
| Hi WiFi                         | 100,000     | gener8tor   |
| Houstr                          | 300,000     | Gateway Capital   |
| Huupe                           | 1,100,000   | Tundra Angels, F Street Ventures, Ball Tek  |
| Ideawake                        | 3,190,000   | HealthX, Belle Haven Investments  |
| ImageMoverMD                    | 5,300,000   | HealthX Ventures, Undisclosed Investor(s)   |
| Imbed Biosciences               | 3,700,000   | Bluwave Capital, WISC Partners, Formidable Group, Hanson Group, WARF Ventures   |
| Inventalator Incorporated       | 525,000     | Undisclosed Investor(s)   |
| Isomark                         | 1,750,000   | Innova Memphis, WARF Ventures, Undisclosed Investor(s)  |
| Jangobio                        | 250,000     | Undisclosed Investor(s)   |
| Kilter (Acquired by Blackbaud)  | 1,100,000   | Rock River Partners, HealthX Ventures   |
| LastLock                        | 1,460,000   | Lancaster Investments, Undisclosed Investor(s)  |
| LeaseCrunch                     | 564,000     | Undisclosed Investor(s)   |
| Leo Cancer Care                 | 10,000,000  | Yu Galaxy, CHC Healthcare, ToretDevices, Cosylabs, Hitachi, McLaren, GenesisCare, ASG Superconductor, EFI, WARF Ventures  |
| Lillipad                        | 1,200,000   | Undisclosed Investor(s)   |
| Linectra                        | 150,000     | Undisclosed Investor(s)   |
| Lumoptik                        | 250,000     | Keiretsu Forum  |



| WISCONSIN COMPANY               | \$ RAISED  | INVESTORS  |
|---------------------------------|------------|--|
| Marathon Machines               | 76,000     | Undisclosed Investor(s)  |
| Medical Engineering Innovations | 6,470,000  | Undisclosed Investor(s)  |
| Mezlight                        | 1,000,000  | Individual Investor(s)   |
| MightyWell Foods                | 100,000    | gener8tor  |
| MobCraft                        | 845,000    | Individual Investor(s)   |
| Moxe Health                     | 30,000,000 | Piper Sandler Merchant Banking, Vensana Capital, Apollo Global, 3M Ventures, Undisclosed Investor(s)   |
| Mpirik                          | 100,000    | Undisclosed Investor(s)  |
| MySureFit                       | 115,000    | Individual Investor(s)   |
| MyTalentPlanner                 | 350,000    | Undisclosed Investor(s)  |
| Octane Coffee                   | 255,000    | Tundra Angels, Lancaster Investments, Individual Investor(s)   |
| Oculogica                       | 4,050,000  | TitelownTech, Quark Venture, GHS Investment Management, Undisclosed Investor(s)  |
| OnLume                          | 2,500,000  | Cambridge Investment Group, SpeedUpVenture Holdings, InnoCreativeCapital, WIP, WARF Ventures   |
| OpenPitch (Investii)            | 100,000    | gener8tor  |
| Otologic Technologies           | 370,000    | Undisclosed Investor(s)  |
| Penrod                          | 8,000,000  | Prudent Capital, Salesforce Ventures, Undisclosed Investor(s)  |
| Plumb Pharmaceuticals           | 500,000    | Winnow Fund  |
| Polco                           | 14,000,000 | Mercury Fund, BAT Ventures, Royal Street Ventures, Sachse Family Fund, Chippewa Valley Angel Investors Network, Urban Capital Network, Wisconsin River Business Angels |
| Printed Aerospace               | 85,300     | Undisclosed Investor(s)  |
| Quiver Quantitative             | 2,000,000  | Allos Ventures, M25, Connetic Ventures, Bascom Ventures, Lancaster Investments, WARF Ventures, Idea Fund of La Crosse  |
| Reach Works                     | 100,000    | Idea Fund of La Crosse, Undisclosed Investor(s)  |
| ReadySet Technologies           | 3,250,000  | Rock River Partners, BrightStar Wisconsin, Mendota Venture Capital, Winnebago Seed Fund, Lancaster Investments   |
| Rebate Bus                      | 25,500     | Undisclosed Investor(s)  |
| Redfox AI                       | 25,000     | Undisclosed Investor(s)  |
| RehabPath                       | 3,000,000  | HealthX Ventures, Individual Investor(s)   |
| Renaissant                      | 770,000    | Individual Investor(s)   |
| RoddyMedical                    | 915,000    | BrightStar Wisconsin, Undisclosed Investor(s)  |
| RoofMarketplace                 | 5,000,000  | Sandalphon Capital, SageSure, Room & Pillar, Rock River Capital Partners, Individual Investors(s)  |
| SeedLinked                      | 100,000    | SVG Ventures-THRIVE  |
| Sequoir                         | 1,700,000  | Grey Elephant Solutions, Wisconsin Investment Partners, Tundra Angels, Bristol Morgan Bank, Bank of Kaukauna, Individual investor(s)                                   |
| SHINE Technologies              | 79,400,000 | Undisclosed Investor(s)  |
| Sift Healthcare                 | 9,000,000  | Allos Ventures, First Trust Capital Partners, Rock River Capital Partners, Winnebago Seed Fund, Undisclosed Investor(s)  |
| Slot Check                      | 320,000    | Undisclosed Investor(s)  |
| Smartcare Software              | 5,000,000  | Ziegler Link-Age Fund, Idea Fund of La Crosse, Rock River Capital Partners, MUKC Fund, Chippewa Valley Angel Investors Network, Pablo                                  |
| Socialeads                      | 348,000    | Undisclosed Investor(s)  |
| SoFresh                         | 5,640,000  | Valor Equity Partners, Undisclosed Investor(s)   |
| Spotz                           | 725,000    | Milwaukee Venture Partners, BrightStar Wisconsin, Individual Investor(s)   |
| Synthetaic                      | 13,000,000 | Lupa Systems, Betaworks Ventures, TitelownTech, Undisclosed Investor(s)  |
| System Seltzers                 | 175,000    | Individual Investor(s)   |
| Tascet                          | 700,000    | Undisclosed Investor(s)  |
| Terra Bioforge (Varigen Bio)    | 162,000    | Undisclosed Investor(s)  |
| The Way Out                     | 400,000    | Gateway Capital  |
| Understory                      | 12,040,000 | MS&AD Ventures, WAFTT Capital, Individual Investor(s)  |
| Virtual Benefits Administrator  | 3,000,000  | Undisclosed Investor(s)  |
| Washbnb                         | 45,000     | Undisclosed Investor(s)  |
| Wearable Technologies           | 755,000    | Undisclosed Investor(s)  |
| Web Finance Direct              | 2,000,000  | Undisclosed Investor(s)  |
| Wellacy                         | 100,000    | Northwestern Mutual Black Founder Accelerator  |
| Wellbe                          | 1,210,000  | HealthX Ventures, Golden Thread Investments  |
| WISC MED                        | 2,024,000  | Undisclosed Investor(s)  |
| Xena                            | 850,000    | gAngels, Undisclosed Investor(s)   |
| Zihi                            | 300,000    | Idea Fund of La Crosse, Undisclosed Investor(s)  |
| Zizzl                           | 1,975,000  | CSA Partners, Undisclosed Investor(s)  |



# LEGISLATIVE UPDATE

A core mission of the Wisconsin Technology Council and its Tech Council Investor Networks is to serve as a policy advisor and resource for Wisconsin's governor, its Legislature and state agencies that touch on 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 – since 2003.

It has been a successful endeavor in many ways, thanks to the efforts of lawmakers and governors on both sides of the partisan 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 improvements; 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. (Please see related story on page 30.)

From 2018 through 2022, WEDC credits totaled \$71.3 million, which generated four times that amount – an estimated \$285 million – in private investment in young Wisconsin companies. 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.

In recent years, the Legislature endorsed raising the Act 255 investment cap on any one company from \$8 million to \$12 million and clarified statutes relating to insurance company investments that are eligible for credits.

The Legislature also eliminated a longstanding and unique fee on angel and venture capital raised by qualifying C Corporations organized outside Wisconsin, mainly Delaware. Most recently, the Legislature unanimously passed AB 759, now Wisconsin Act 224/2021), which provides a formal grace period for restoring in-state employment quotas when Wisconsin-based QNBV companies acquire out-of-state companies.

## CREATE A STATE FUND WITH A PRIVATE MATCH

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 of Funds have made about three-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. For example, there is no provision to allow the Badger fund to recycle returns from state investments into other young companies.



It can also be difficult for out-of-state investors to invest in the Badger Fund of Funds.

Gov. Tony Evers proposed a separate \$75 million “Wisconsin Fund” in his 2023-25 budget to help Wisconsin’s standing versus other states. Republican support for a different version with a 3-to-1 private match emerged, however, the best prospects for legislative action lie in separate legislation.

A five-year goal should be to increase the total amount of venture capital dollars invested in Wisconsin with return on investments that are at or above the national average for the various stages of investing. An extension of QNBV tax credits to spur corporate investing is worth examining.

Support of world-class Wisconsin institutional investors such as SWIB and WARF, which invest directly into venture funds and startups, lends credibility to Wisconsin startups that are raising capital. It does the same for affiliated venture capital funds.

The Tech Council’s board and staff hope the governor and Legislature will continue to lever Wisconsin’s many economic assets and take steps to align those assets with the capital needed to build, retain and attract more young companies.

#### **Other initiatives supported by the Tech Council thus far in the 2023-24 session:**

- Repeal of the personal property tax
- Expansion of the state research and development tax credit
- Incentives to attract data centers to Wisconsin
- Investments in UW System capital projects to lever talent, grants and industry support
- Enhancing access to clean power

#### **‘TECH CAUCUS’ PROMOTES DISCUSSION OF TECH, INVESTING ISSUES**

The Wisconsin Technology Council encouraged creation of an informal “Tech Caucus” within the state Legislature in 2021 to spur informed discussion about tech-related issues. Its mission is to work along bipartisan lines to bring ideas, policy proposals, carefully vetted data and science-driven information to state legislators and their staffs, the governor, state agencies, thought leaders and the public.

The Tech Caucus will hold periodic informational sessions on issues facing the state economy, such as improving access to venture capital, upskilling employees for emerging technology jobs, cybersecurity, data privacy and broadband. It has also organized tours of two Wisconsin tech companies, Epic and Promega, with more planned in the future.

With more than two-dozen members, its co-chairs are Sen. Dan Feyen, R-Fond du Lac; Sen. Dianne Hesselbein, D-Middleton; Rep. Shannon Zimmerman, R-River Falls; and Rep. “Tip” McGuire, D-Kenosha.

## **CONTACTING THE LEGISLATURE**

The Wisconsin Legislature typically operates on a two-year cycle that begins in January the odd-numbered year following elections for seats on the state Senate and Assembly. The current cycle began in January 2023, with the first six months devoted mostly on the shaping and passage of the state’s biennial budget. The budget cycle runs from July 1, 2023, to June 30, 2025.

Once the budget work is completed, remaining floor periods for the 2023-2025 cycle will likely be held in the fall of 2023 and the early spring of 2024, with a goal of sending all bills to the governor later in the spring of 2024. General elections would take place again in the fall of 2024.

Want to contact your legislator? Search <https://maps.legis.wisconsin.gov/> to find who represents you in the state Senate and Assembly. Start by clicking on the rough geographic area that aligns with where you live. A screen with an Assembly member and a Senate member will pop up. If you don’t believe the location is precisely correct, go to “For more information click here” at the bottom of that screen and type in your home address. Another way is to use the left-hand toolbar, where the “Find my location” icon is the fourth one down. Again, type in your home address.

Visit [legis.wisconsin.gov](https://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](https://legis.wisconsin.gov) is where you can find biographies on current lawmakers. There are 33 senators and 99 Assembly members. This is another way to find the interactive map to find your state Senate and Assembly districts.

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



# LEGISLATIVE UPDATE CONT.

## HOW PAST TECH COUNCIL WORK HAS HELPED

Formed as an independent, non-profit organization in 2001, the Tech Council has served as a policy advisor to the governor, the Legislature and related state agencies for 20 years. Its recommendations have helped lead to initiatives such as:

- Wisconsin's landmark investor tax credits program (2005), which has been emulated nationwide;
- Passage of 2013 Act 41, which led to creation of the Badger Fund of Funds, which is actively investing in young companies across Wisconsin;
- Language making it clear that insurance company investments in Qualified New Business Ventures are eligible for tax credits against gross premium tax payments;
- Raising the lifetime ceiling on possible QNVB credits for any one company from \$8 million to \$12 million;
- 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;
- Revision of the investor tax credit law to allow Wisconsin-based companies a formal grace period when an out-of-state acquisition temporarily puts the Wisconsin company out of sync with state employment thresholds;
- Repeal of the shareholder wage lien law, which discouraged investment in Wisconsin startup companies;
- Improvements in laws governing entrepreneurial activity by University of Wisconsin faculty; in recent years, this involved passage of the “Mark Cook” bill regarding faculty conflict-of-interest reviews by the Board of Regents;
- Improvements in processes and regulations vital to expanding broadband availability, especially in rural Wisconsin;
- Extension of the “single-sales factor” sales apportionment for corporate income to technology and service firms in Wisconsin;
- Passage of legislation that allows the UW System to pursue classified research projects through a mechanism that allows for faculty governance with regular reporting to the Legislature;
- Extension of funding for the WiSys Technology Foundation, which assists many UW System campuses in transferring technology to the marketplace;
- Streamlining regulations that allow for broader deployment of 5k digital access networks;
- Creation of the Tech Council Investor Networks, which expanded from a half-dozen networks and funds in 2004-2005 to about 45 early stage investor groups today;
- Expansion of the scope of allowable bonding projects for the Wisconsin Health and Educational Facility, creating more leeway for research-based projects;
- Enactment of an Education Tax Credit to assist employers in hiring and training workers;
- 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;
- Support for an Interdisciplinary Research Center, also through Vision 2020, which materialized in the form of the Wisconsin Institutes for Discovery and the Morgridge Institute for Research;
- Broader recognition of the economic value of academic research and development in Wisconsin, which attracted about \$1.6 billion in sponsored research in the latest year;
- Creation of the I-Q Corridor branding concept and support for multi-state partnerships;
- Recent enhancement to Wisconsin's investor tax credit program. See page 28 for details on AB 759, which took effect April 10, 2022.



## WHAT ARE THE TECH COUNCIL'S NATIONAL AFFILIATIONS AND PRIORITIES?

The Tech Council is a member of the Tech Councils of North America and the Angel Capital Association.

TECNA includes organizations much like the Wisconsin Technology Council in most 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.

Some examples of recent TECNA positions on Capitol Hill are:

- Encouraging Congress to take immediate action to reverse the amortization of research and development expenses, which are essential to manufacturing and small businesses.
- Urging Congress to rethink support for certain anti-trust legislation that contains language to limit merger and acquisition activity for startups. In many cases, these restrictions will reduce incentives for entrepreneurs and investors of startups, making it harder for companies to be acquired.
- Encouraging consideration of proposals to streamline H-1B rules and to allow highly skilled visa holders and applicants to remain in the United States.

The Tech Council often takes part in “fly-ins” organized by TECNA to stay in touch with Wisconsin’s members of Congress and other policymakers. It regularly engages on issues related to cybersecurity, workforce policy, investment policy, trade, immigration and more.

One of TECNA’s long-standing priorities is the “CHANCE in Tech Act,” S. 2227, 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.

Most recently, the Tech Council and TECNA have been involved in advocating for passage of plans to better invest in the nation’s research and development structure.

*The Tech Council hosted the 25th annual summer conference of TECNA in July 2019 at Epic’s headquarters in Verona, Wis.*



**ANGEL CAPITAL ASSOCIATION**



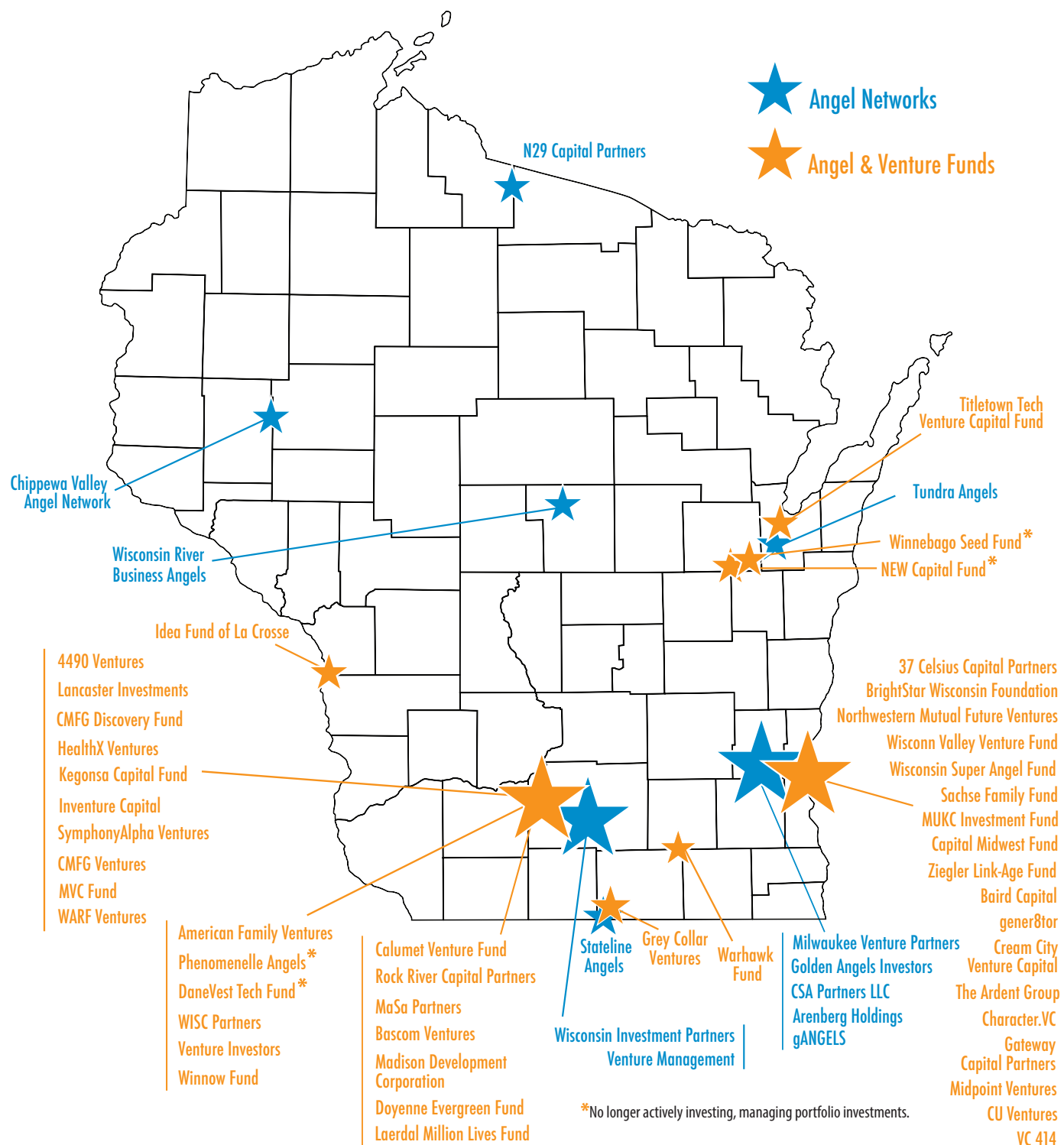
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# TECH COUNCIL INVESTOR NETWORKS





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Husch Blackwell provides uncommon legal solutions for our clients' most complex challenges. When entrepreneurs and established companies partner with our experienced attorneys, they get more than just legal advice - they get proactive collaborators who understand the complexities of emerging technologies and who are deeply invested in their success. We are proud to work alongside Wisconsin businesses as they launch, grow, and innovate.

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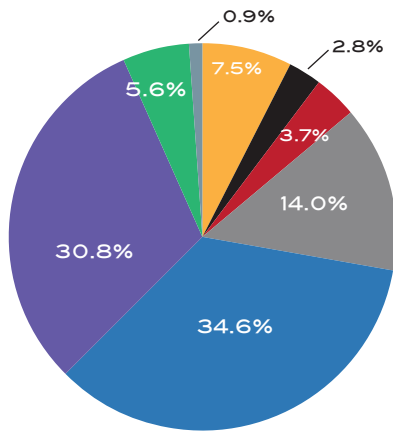
33 East Main Street  
Madison, WI 53703  
608.255.4440

511 North Broadway  
Milwaukee, WI 53202  
414.273.2100

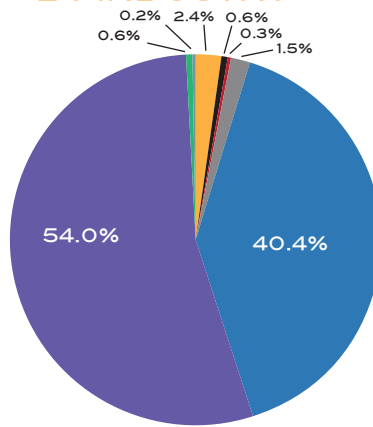


# CHARTS AND GRAPHS

2022 DEALS  
BY INDUSTRY



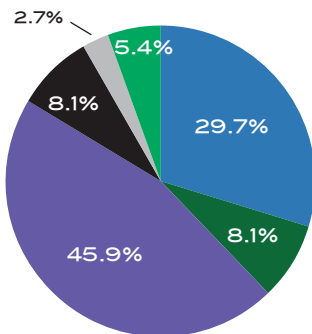
2022 CAPITAL  
BY INDUSTRY



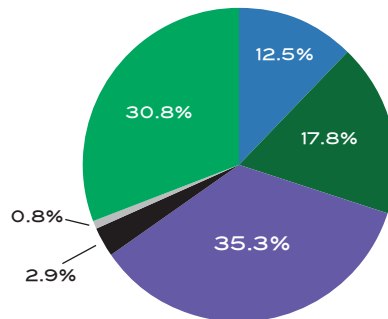
- Adv. Materials and Mfr. (0.02% for Capital)
- Agriculture
- Biotech
- Business/Consumer Products
- Healthcare
- Information Technology
- Other
- Water

*Industry: Similar to previous years, Healthcare and Information Technology sectors drew the most number of deals, a combined 65%, while also attracting the most invested dollars, just over \$600 million, which is 94% of the total invested dollars tracked in 2022.*

HEALTHCARE DEALS  
BY SECTOR



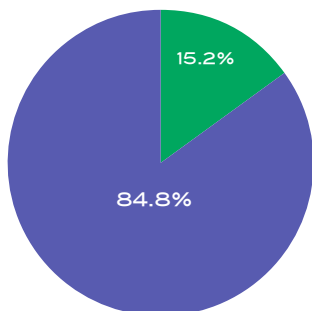
HEALTHCARE  
CAPITAL BY SECTOR



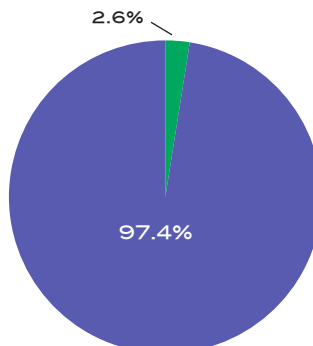
- Devices
- Diagnostics
- IT
- Services
- Therapeutics

*Healthcare: The Healthcare IT sector raised the most, \$91 million, in 17 deals, while Therapeutics raised the second highest amount, \$79 million, in two deals. Diagnostics raised \$46 million and Devices \$32 million.*

IT DEALS BY SECTOR



IT CAPITAL BY SECTOR

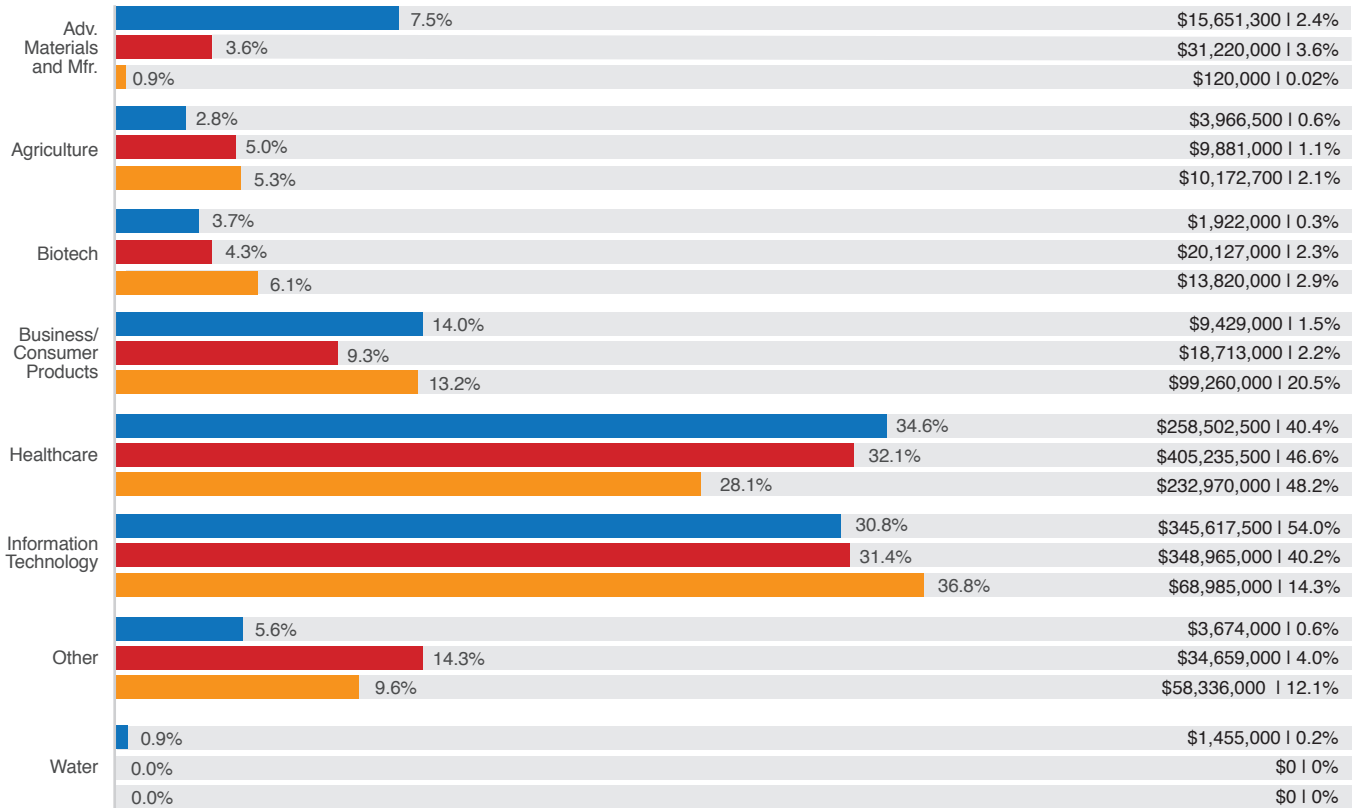


- IT Software
- IT Services
- IT Hardware (0% for both)

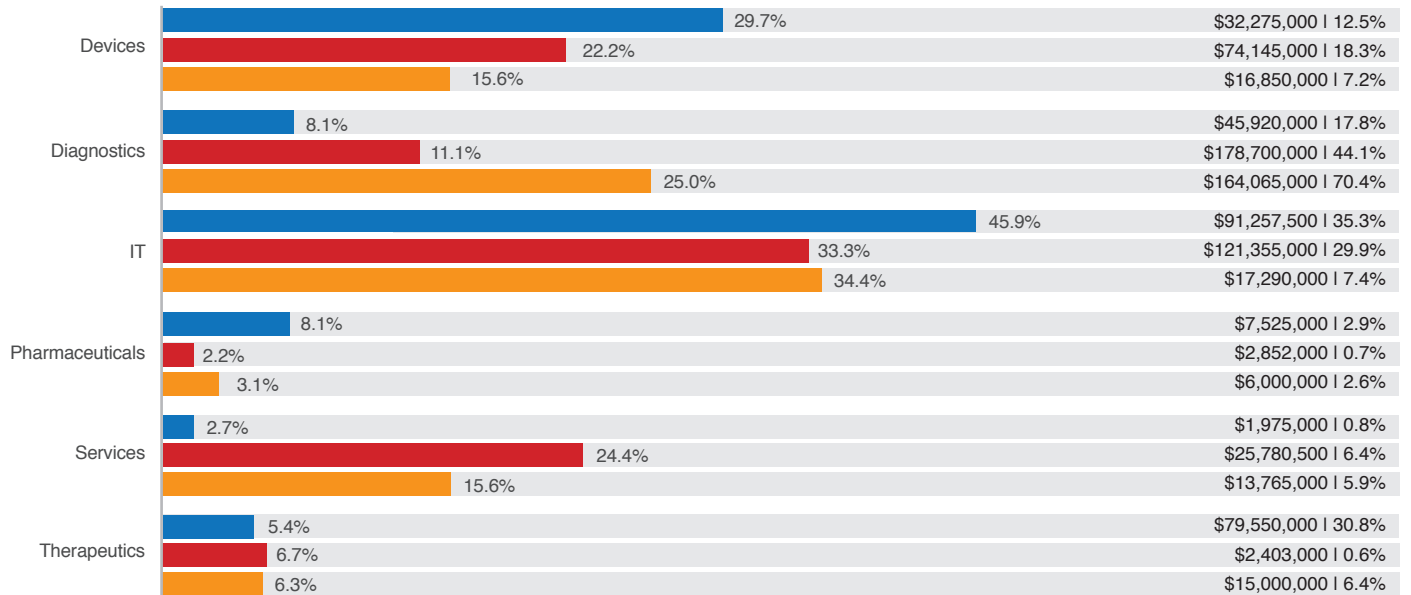
*Information Technology: Nearly all of the deals in the IT sector were software, as compared to hardware and services. Of the \$345 million total raised, all but \$9 million was in software startups.*



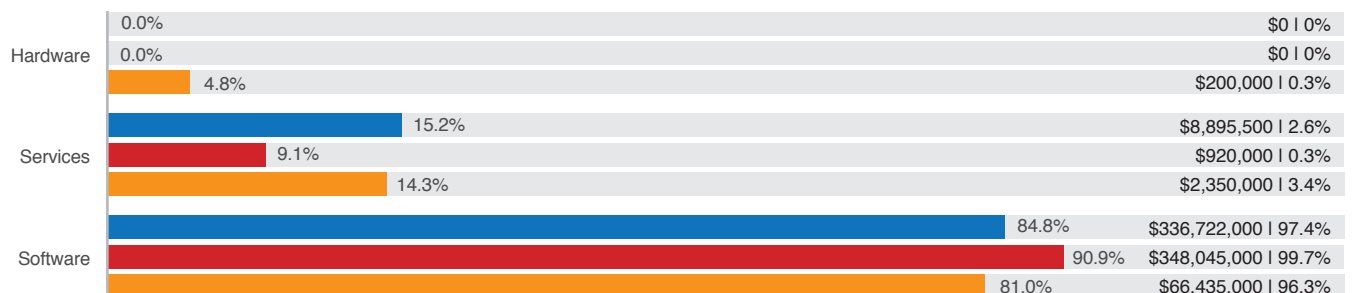
## INDUSTRY TRENDS



## HEALTHCARE



## INFORMATION TECHNOLOGY



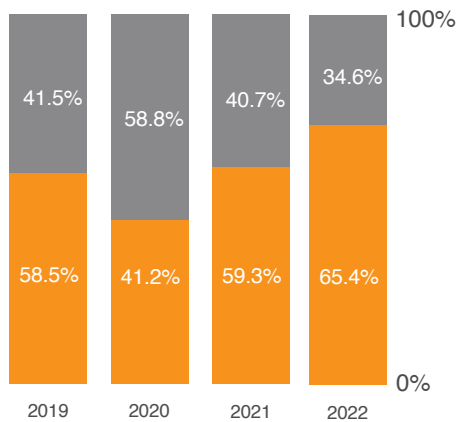


## ANNUAL TRENDS, CONT.

### FIRST-TIME VS FOLLOW-ON

First-Time  
Follow-On

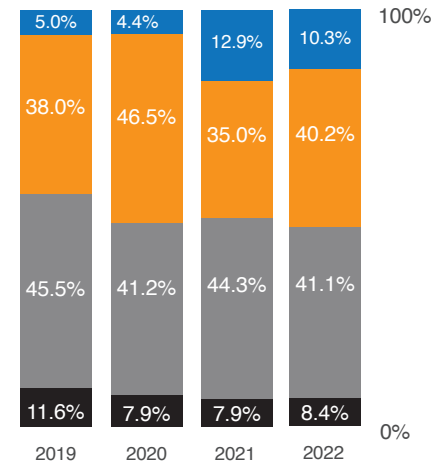
The number of First-Time funding rounds has been decreasing for the past three years, coming more in line with 2017 and 2018 levels.



### FUNDING ROUND SIZE

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

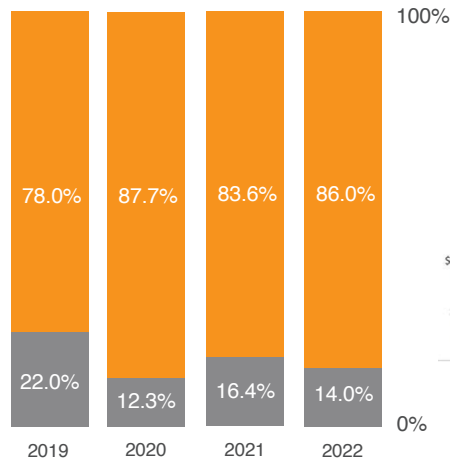
2022 was nearly evenly split year between deals raising more than \$1 million (50.5%) and those raising less than \$1 million (49.5%). The median round was \$1 million.



### MALE VS. FEMALE

Male  
Female

Funding rounds raised by female founders/CEOs remained low; however, when looking at management teams, women are represented at two-thirds of the startups that have raised funding in 2022.



### AVERAGE ROUND SIZE

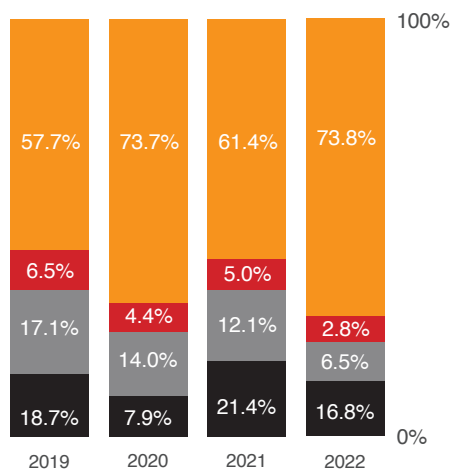
The average round size remained high, around \$6 million, with large deals, like Fetch's \$240 million raise, driving this number. The median was a healthy \$1 million, which signifies very early stage firms are securing initial funding rounds.



### EQUITY VS. DEBT

Equity  
Equity & Debt  
Debt  
Seed

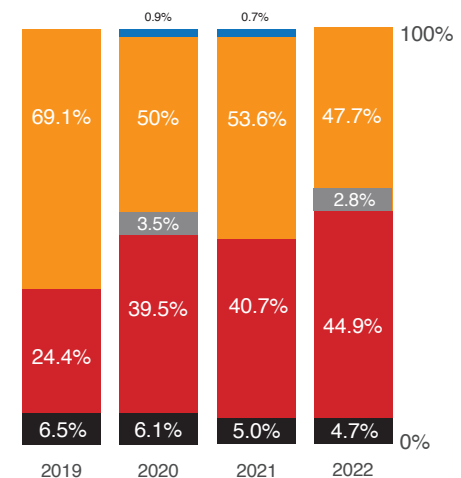
Seed funding rounds remained strong while debt decreased by half from the previous year.



### INVESTORS

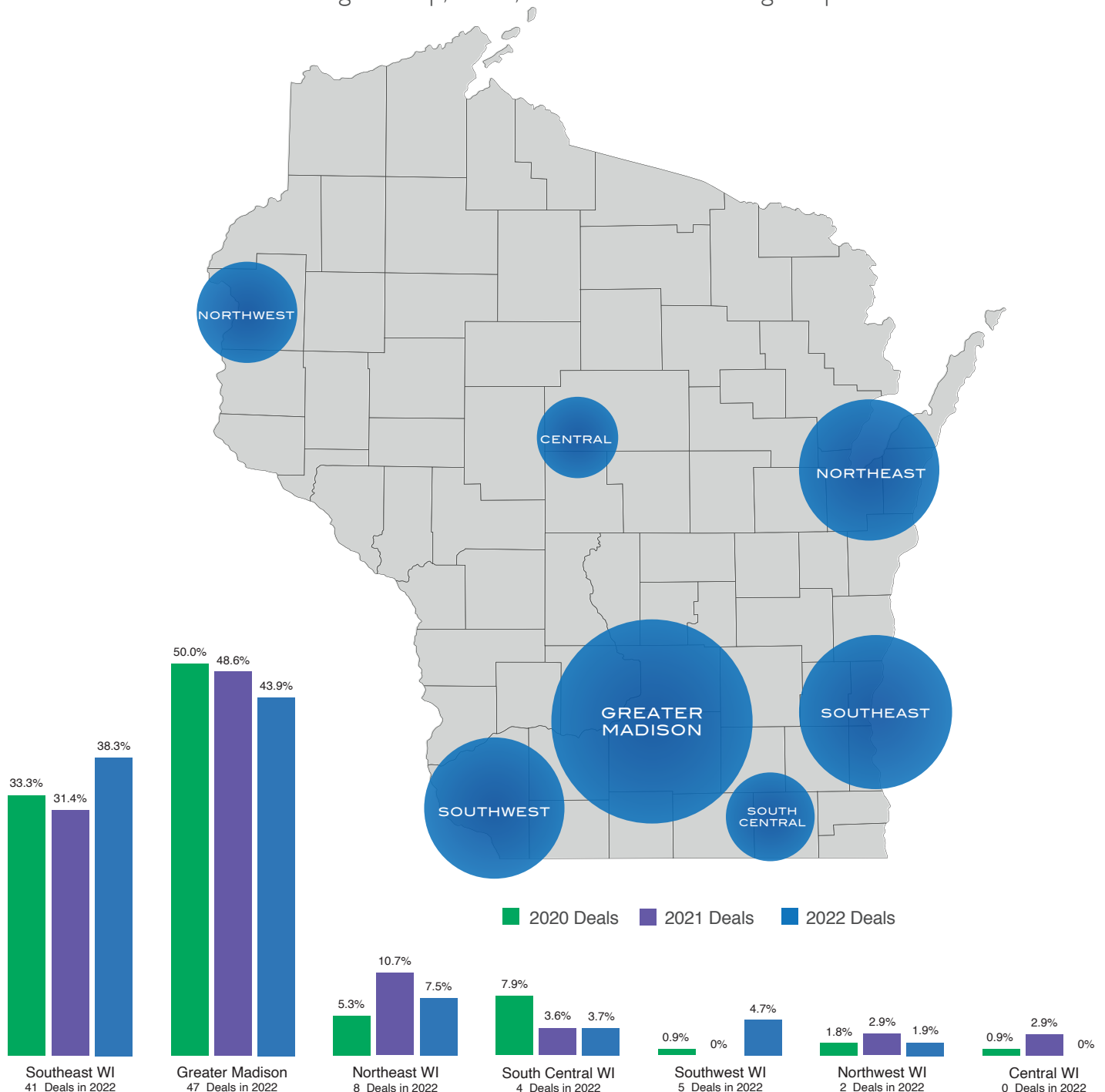
Venture Capital  
Angel  
Crowdfunding  
Accelerator  
Private Equity

Angels increased their share of deals in 2022 to 45% while Venture Capital made 48% of the deals and invested 82% of the funds. Accelerators continue to be a good part of the market at nearly 5% while crowdfunding made an appearance in three deals that added together secured just over \$1 million.



## REGIONAL SPOTLIGHT

2022 saw some slight changes to the distribution of deals with Southeast Wisconsin increasing by nearly 7% to just over 38% of the total number of deals that tracked in Wisconsin last year. Southwest Wisconsin went from no deals in 2021 to 5 in 2022 and the Greater Madison area saw the largest drop, -4.3%, to 44% but still leading the pack.





# INVESTOR SPOTLIGHT

2022 Investor Hall of Fame Inductee: Joe Hildebrandt

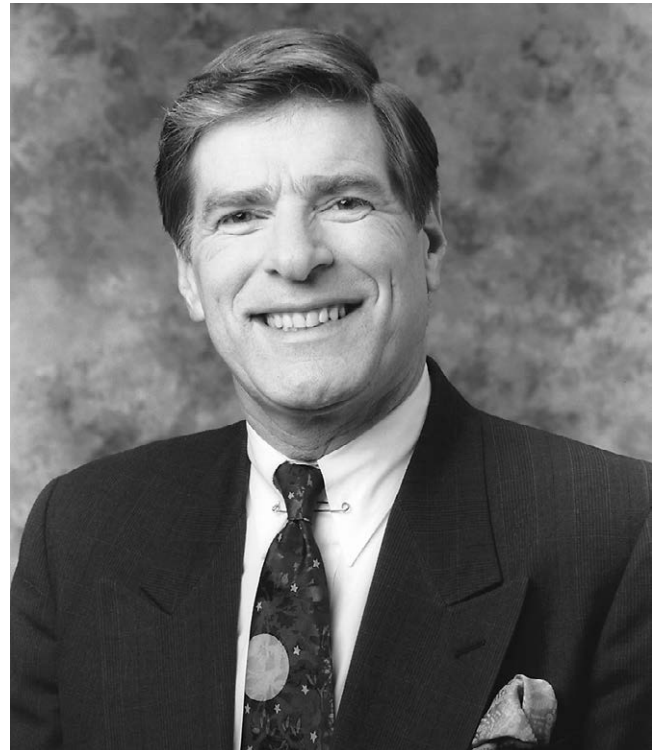
*By Joe Kremer*

It's hard to remember a time when Joe Hildebrandt wasn't a part of the tech development scene in the Madison region.

Beginning with his role as a founder in 1976 of the Foley & Lardner law office in Madison, Hildebrandt has been quietly but effectively involved in building what is today one of the Midwest's most vibrant tech-based communities. His broad influence over time in the Capitol region, as well as much of Wisconsin, is why Hildebrandt was honored in November 2022 as the latest member of the "George Mosher Memorial Wisconsin Investor Hall of Fame."

Here are some reasons why the steering committee for the 2022 Wisconsin Early Stage Symposium, which is produced by the Wisconsin Technology Council, voted to make Hildebrandt the 11th member of the hall.

- He has invested in more than 80 private companies over time, making him one of the most active investors in Wisconsin's angel and venture capital world.
- He co-founded two early stage funds, DaneVest Tech Fund and Phenomenelle Angels Fund, and has long been active in Wisconsin Investment Partners.
- He is a partner emeritus at the Foley firm, where he was founder and chair of its Emerging Companies and Venture Capital Team. Hildebrandt was also founder and co-chair of the firm's Private Equity and Venture Capital Practice.
- He helped to draft language for the state's Qualified New Business Venture law, which was passed as part of the 2003-05 state budget and which took effect Jan. 1, 2005. Those tax credits, supported by the Tech Council and others and amended over time, are widely hailed today as essential to the expansion of angel and venture investment in Wisconsin.
- His work on the QNBV law was preceded by his efforts in 2001 when, at the request of then-Gov. Scott McCallum, he organized a study committee on the topic of investment tax credits through the state Department of Financial Institutions. Similarly, Hildebrandt worked to modernize other rules critical to the success of young companies.
- Hildebrandt has represented clients in about 350 private placement offerings, served as vice president of an investment brokerage firm, and managed a hedge fund.



*Joe Hildebrandt*



“Joe Hildebrandt has been at the core of Wisconsin’s early stage economy for decades, working with and investing in young companies, and serving as a trusted public policy advisor,” said Tom Still, president of the Tech Council. “Through his humble, patient style, Hildebrandt has consistently stepped forward to help young companies and entrepreneurs ... and the state of Wisconsin, as a result.”

Hildebrandt’s charitable and community work over time has extended to organizations such as Wisconsin World Trade Center-Madison, The Boys and Girls Club of Dane County, Madison Repertory Theater, the Red Triangles Foundation, the Madison Community Foundation and Wisconsin Harvest Inc.

He earned degrees at UW-Madison and Harvard University, both in law and business administration.

Hildebrandt joins past Hall of Fame inductees Dick Leazer, Wisconsin Investment Partners; the late George Mosher; the late Roger Ganser, Venture Investors; Jeff Rusinow, Silicon Pastures; the late Carl Gulbrandsen, Wisconsin Alumni Research Foundation; Tom Shannon, BrightStar Wisconsin Foundation; John Neis, Venture Investors; Jan Eddy, Phenomenelle Angels; Tim Keane, Golden Angels Investors; and Bob Wood, Wisconsin Investment Partners.

## WOMEN IN STARTUP LEADERSHIP POSITIONS

*The funding landscape for female founders and CEOs continued to face challenges, as the amount of funding raised remained relatively low. However, a closer examination of management teams reveals a more encouraging picture, with women being represented in a significant proportion of startups that successfully secured funding in 2022.*

In this year’s report, a new data point was introduced to gauge the presence of women in leadership positions. It was found that in 2022, approximately two-thirds of startups that managed to raise funding had at least one woman serving on their founding team, management team, or board. This statistic highlights a positive trend toward greater gender diversity within startup leadership.

Delving deeper into the data, it becomes evident that out of the total 68 companies with women in leadership positions, only 15 of them had a female founder or CEO. While this indicates room for improvement in terms of female representation at the helm of startups, the fact that women are involved in leadership roles across a broader spectrum of companies is indeed promising.

Interestingly, the study revealed that the participation of women in leadership positions did not significantly differ based on the gender of the CEO. This suggests that both male and female CEOs are equally likely to foster an environment that supports and empowers women in leadership roles within their organizations.

Overall, while funding challenges persist for female founders and CEOs, the increasing presence of women in leadership positions within funded startups demonstrates progress towards achieving greater gender diversity and inclusivity in the startup ecosystem.

### WISCONSIN 2023 DEAL ACTIVITY THROUGH JUNE 30

*Unofficial and partially complete numbers show \$147 million invested in 24 companies, with a \$2.3 million median deal size and an average deal size of \$5.8 million.*



# ATTRACTING NEW OUT-OF-STATE INVESTORS

*By Tom Still*

Out-of-state investors are continuing to play a significant and growing role in the Wisconsin entrepreneurial ecosystem, with 76 unique investment groups participating in 32 rounds of funding in 2022. Wisconsin investors continue to develop connections with other investors and invite them into funding rounds. Many of those out-of-state investors end up sticking around, making additional investments in other companies.

It is through development of these types of connections that larger funding rounds are pulled together, bringing investment dollars into Wisconsin. For 2022, the 32 funding rounds with out-of-state investors participating alongside Wisconsin investors secured \$458 million.

Of the 76 unique investment groups and funds that invested in Wisconsin companies in 2022, 13 were based in California – by the far nation’s leading venture capital state – 11 in New York, eight from Illinois, and five each from Minnesota and Texas. Investors from 15 other states took part in one to three deals each while 14 investment groups from outside of the United States also participated in funding rounds in Wisconsin. Please see the map on opposite page.

A natural question: Why did so many non-Wisconsin investors show up in what was essentially one-third of the state’s 119 total deals?

The short answer is co-investing, meaning many venture funds will invest with other venture funds if they find a worthy company and the size of the overall “raise” is too big for any one fund to afford or risk. That happens within the Wisconsin angel and venture community, and more frequently elsewhere within the nation’s 2,000 or so venture firms.

Co-investment deals don’t take place, however, unless there are reasons for the deal to come to the attention of other investors. That is part of what’s happening in Wisconsin.

- Some warm introductions are taking place, thanks to nationally known institutions that invest in the venture capital asset class. The Wisconsin Alumni Research Foundation (WARF) and the State of Wisconsin Investment Board (SWIB) are good examples. Both have been a part of venture capital deals for years, although in different conditions. However, both organizations have extensive contacts in the venture capital world, especially on the West and East coasts.
- The costs of funding young companies in some locations, such as California’s Silicon Valley, have risen for local and regional reasons – not to mention company valuations that became frothier. A dollar invested in a young company in Wisconsin, for example, can usually go farther than a dollar invested in parts of California or the East Coast. That’s in part because of generally lower costs of doing business, but also because company valuations in Wisconsin are often viewed by investors as realistic.
- There was a time when investors from outside Wisconsin may have had confidence in technology solutions produced here, but less comfort in potential company leadership. Investors often want to invest in the “team,” meaning company executives who have successfully built, grown and sold companies in the past. As the Wisconsin early stage economy has matured, more such managers have emerged or been attracted to the state.
- There are more Wisconsin companies than ever that need to raise seven- or eight-digit rounds of investment dollars. That often means looking outside Wisconsin for the much bigger rounds.

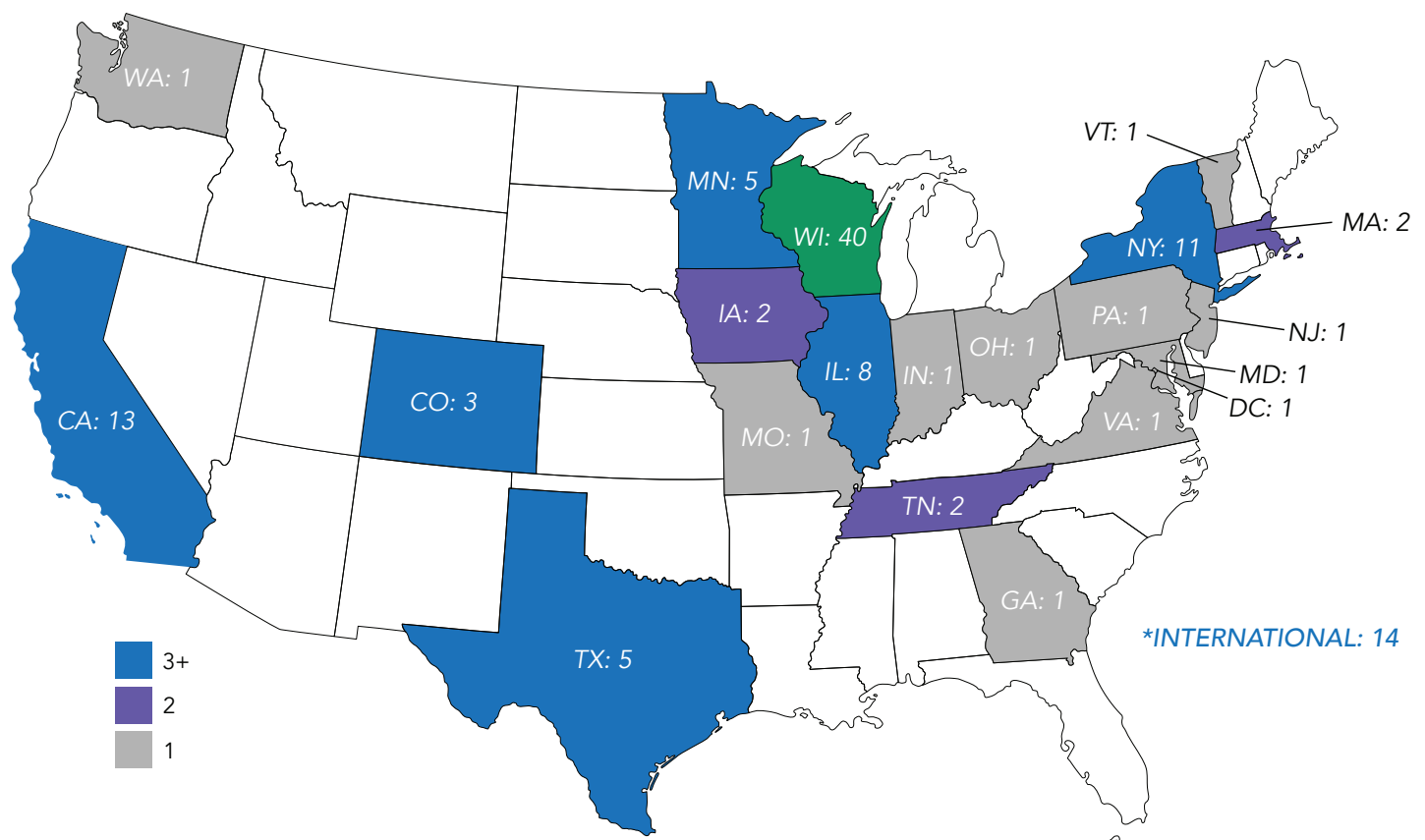
“Given the nature of funds that are based in Wisconsin, which typically invest initially through Series A, it’s often necessary to find outside investors to lead in Series B rounds,” said Jonathan Fritz of HealthX Ventures, a fund based in Madison but investing nationwide. “We often help our portfolio companies forge relationships with potential Series B investors.”

Such introductions are easier to make today, Fritz said, if funds have strong brand recognition and actively engaged in building co-investor relationships in and outside Wisconsin.

Wisconsin recorded \$640 million in 107 deals in 2022, which was the second highest amount tracked since the Wisconsin Portfolio has been published. That kind of progress, if it is to be repeated within an uncertain 2023 economy, must involve more connections and syndication with investors outside Wisconsin.

*Still is president of the Wisconsin Technology Council. He can be reached at [tstill@wisconsintechcouncil.com](mailto:tstill@wisconsintechcouncil.com).*

## WHERE INVESTORS CAME FROM





# ACT 255 PROVISIONS

The Qualified New Business Venture (QNBV) Program in Wisconsin is a successful initiative aimed at encouraging investment in early stage Wisconsin businesses. It does so by providing investors with a 25 percent tax credit on the amount they invest in a QNBV-certified startup. By incentivizing early stage investors, more startups are able to secure funding, which fosters innovation, economic growth, and job creation.

The Wisconsin Economic Development Corporation (WEDC) administers the program and certifies what companies are eligible for tax credits.

## ELIGIBILITY CRITERIA FOR QNBV PROGRAM:

To be eligible for the QNBV Program, businesses must meet certain criteria, including:

- Be headquartered in Wisconsin
- At least 51% of employees must be employed in Wisconsin
- Have the potential of increasing jobs or capital investment in Wisconsin
- Have fewer than 100 employees
- Have been in operation in Wisconsin for 10 or fewer consecutive years

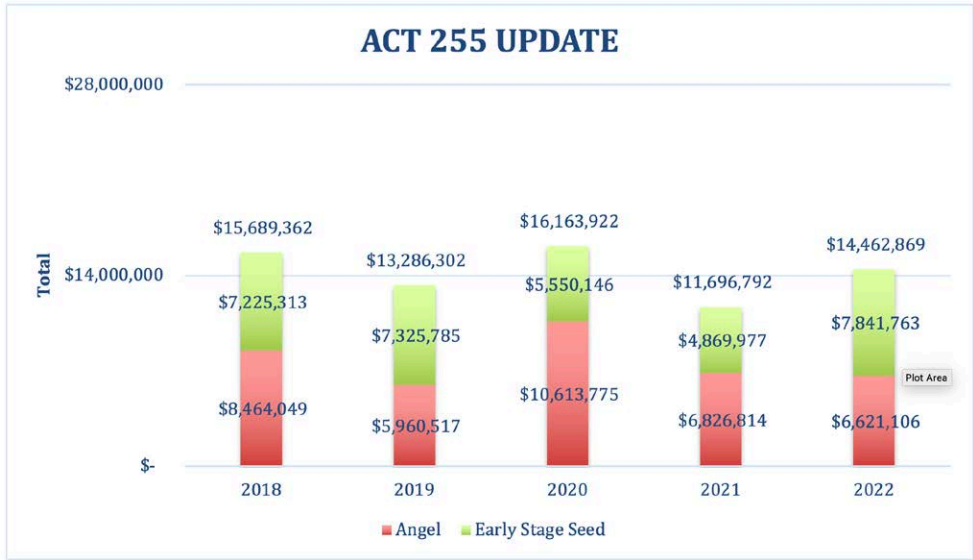
## SPLIT OF FUNDS - FUND CREDITS AND ANGEL CREDITS:

The QNBV Program splits the funds into two pools: fund credits and angel credits.

- Fund Credits: These are tax credits available to eligible investment funds that make qualified investments in QNBVs. Fund managers can claim these credits and use them to offset state tax liabilities. These credits are transferable, making them salable in instances where the investor has not Wisconsin tax liability.
- Angel Credits: These are tax credits available to individual investors who directly invest in QNBVs. Individual investors can claim these credits and use them to reduce their state tax obligations. These credit are non-transferable.

## WISCONSIN AS A MODEL FOR OTHER STATES:

Wisconsin’s QNBV Program has served as a model for similar programs in other states due to its success in promoting early stage investment. The foundation established by Wisconsin’s QNBV Program has proven influential in encouraging startup investment and has helped create a blueprint for similar programs across the United States.



As pictured left, total angel and early stage seed investments bounced back by nearly 24% after a down year in 2021, showing post-pandemic recovery. Total early stage seed investments in 2022 reached over \$7.8 million, its highest figure since 2016.



# 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](mailto:Tstill@wisconsintechcouncil.com) | [wisconsintechcouncil.com](http://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 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.

Joe Kremer, director

(608) 442-7557 | [joe@wisconsintechcouncil.com](mailto:joe@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](mailto:Chris.Prestigiaco@swib.state.wi.us) | [swib.state.wi.us](http://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, CEO

(608) 263-9396 | [eiverson@warf.org](mailto:eiverson@warf.org) | [warf.org](http://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](mailto:ASanga@wisys.org) | [wisys.org](http://wisys.org)

## UWM RESEARCH FOUNDATION

UWM Research Foundation's (UWMRF) mission is to foster industry research collaborations, ignite startups, and leverage intellectual property expertise at the UW-Milwaukee, where research expenditures average about \$60 million. The UWMRF manages a growing portfolio of patents, with nearly 150 issued patents and 75 patents pending. The UWMRF Catalyst grant program has provided nearly \$5.6 million to seed projects with strong commercial potential, and new programs such as ENGAGE mentors and the Bridge Grant are helping strengthen UWM startups.

Jessica Silvaggi, Interim President

(414) 906-4654 | [jessica@uwmrf.org](mailto:jessica@uwmrf.org) | [uwmfdn.org](http://uwmfdn.org)

## 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.

Cheryll Olson - Collins, secretary-designee

(608) 264-7800 | [dfisecretary@wisconsin.gov](mailto:dfisecretary@wisconsin.gov) | [wdfi.org](http://wdfi.org)

## WISCONSIN ECONOMIC DEVELOPMENT CORP. (WEDC)

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.

Missy Hughes, chief executive officer and secretary

(608) 210-6701 | [maiya.weber@wedc.org](mailto:maiya.weber@wedc.org)

FOR SPECIFIC QNVB INFORMATION CONTACT: Chris Schiffner

(608) 210-6826 | [chris.schiffner@wedc.org](mailto:chris.schiffner@wedc.org) | [inwisconsin.com](http://inwisconsin.com)

## 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](mailto:kpboggs@mcw.edu)

[mcw.edu/departments/technology-development](http://mcw.edu/departments/technology-development)

## WISCONSIN MANUFACTURING EXTENSION PARTNERSHIP (WCMP)

### Center for Manufacturing and Productivity

The WCMP is part of a 59-center national network set up by the Department of Commerce to help small and medium manufacturers stay competitive. It is a true public-private partnership that delivers exceptional results for its clients. WCMP manufacturing specialists have created more than \$3.5 billion of impact for our clients.

Buckley Brinkman, chief executive officer/executive director

(608) 729-4160 | [brinkman@wicmp.org](mailto:brinkman@wicmp.org) | [wicmp.org](http://wicmp.org)

## 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](mailto:troy@gener8tor.co) | [joe@gener8tor.com](mailto:joe@gener8tor.com) | [gener8tor.com](http://gener8tor.com)

## ANGEL CAPITAL ASSOCIATION (ACA)

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

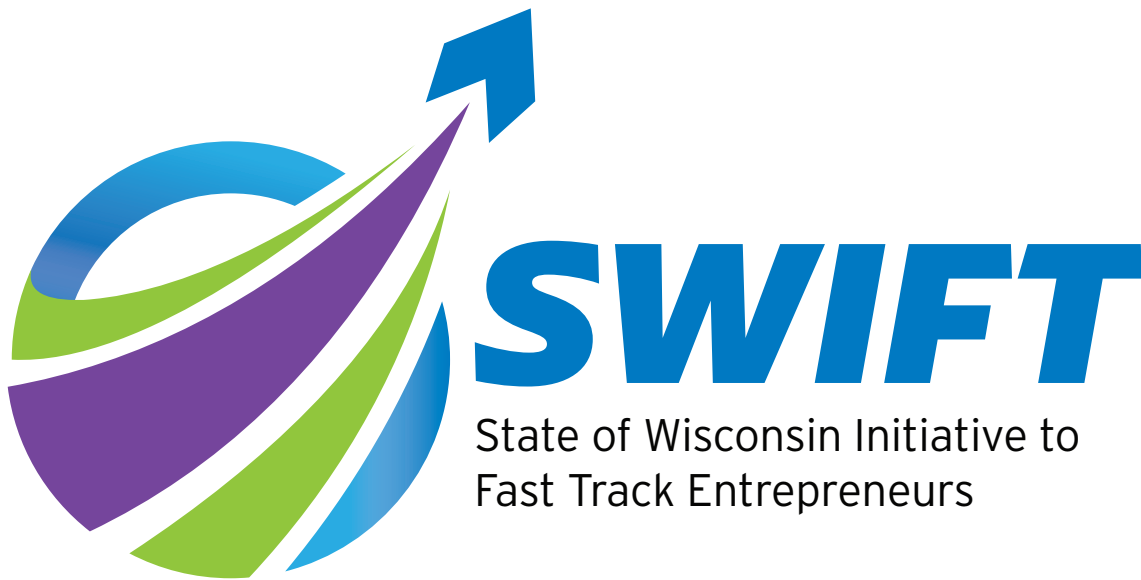
(913) 894-4700 | [sdickey@angelcapitalassociation.org](mailto:sdickey@angelcapitalassociation.org) | [angelcapitalassociation.org](http://angelcapitalassociation.org)

## TITLETOWNTECH

Formed out of a partnership between The Green Bay Packers and Microsoft, TitletownTech seeks to build, enable and invest in early stage and existing businesses through its Innovation Lab, Venture Studio and Venture Fund. Located in Titletown, 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@titletowntech.com](mailto:dickmanc@titletowntech.com) | [titletowntech.com](http://titletowntech.com)



**Connecting entrepreneurs with resources,  
advice, and networking that can  
help them succeed.**

Sponsored by the Wisconsin Technology Council and  
made possible through a grant from the  
U.S. Small Business Administration and supported  
by U.S. Sen. Tammy Baldwin.



Funded in part through a grant from the U.S. Small Business Administration. All opinions, conclusions, and/or recommendations expressed herein are those of the speakers and do not necessarily reflect the views of the SBA.

# SAVE THE DATE

Wisconsin Early Stage Symposium | #ESSWI

NOV  
8-9  
2023

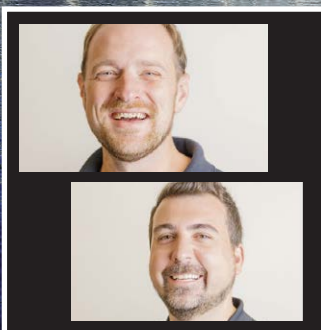
The **Wisconsin Early Stage Symposium**, produced by the Wisconsin Technology Council, is designed to unlock Wisconsin's entrepreneurial potential by providing the right combination of ideas, innovation, intellectual property and investment – as well as hands-on instruction and advice targeted to early 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 19th annual Elevator Pitch Olympics, which provide 90-second presentation opportunities for approximately 15 companies. A panel of experienced investors will judge the pitches and offer immediate feedback.
- The 10th annual "Excellence in Entrepreneurial Education" award presentation.
- More than a dozen panel discussions and seminars featuring successful entrepreneurs, seasoned investors and others with industry and expert ties to the tech sector.
- "Office hours," offering the opportunity to meet with subject matter specialists on a variety of topics in small discussion groups.
- Exhibit hall showcasing more than 30 Wisconsin companies.
- Two receptions, two breakfasts, two luncheons and other networking opportunities, including an investors-only dinner.



INVESTOR INTROS



Joe Kirgues / Troy Vosseller  
TRIPLE E 2022 AWARD WINNERS

The 2022 in-person conference drew more than 400 people, including entrepreneurs at all stages, venture and angels investors, service providers, economic development partners, mentors, academic researchers and more.

Watch for more details on the 2023 Wisconsin Early Stage Symposium coming soon at [wiseearlystage.com](http://wiseearlystage.com) and through social media channels.

Photo courtesy of Monona Terrace



LIVE.WORK.PLAY.

# In **YOUR** Element



E L E M E N T  
COLLECTIVE

## *A New Chapter: University Research Park Creates a Sustainable Future Packed with Discovery*

Nurturing and expanding collaboration and a sense of community is vital – for pushing the boundaries of discovery and to enriching the Madison area.

By creating a neighborhood\* where ideas can soar, companies can thrive and the community can **LIVE, WORK** and **PLAY** in a sustainable way, University Research Park will enhance its record as a job creator transforming research into life-changing discoveries.

\*At the corner of Mineral Point and Whitney Way



Element Labs is a University Research Park project. Call 608.441.8000 for leasing information.

[www.element-collective.com](http://www.element-collective.com)