



2017 West Michigan

Entrepreneurial Study



MVCA

MICHIGAN VENTURE
CAPITAL ASSOCIATION

Why West Michigan is becoming one of
the top places for entrepreneurs and
investors to work and play

West Michigan is emerging as one of the top places in the country to start a career and family. The region is the true definition of “Pure Michigan” with its close-knit community, research institutions, world-renowned beaches and lively downtown scene, creating an ideal environment for entrepreneurs to work and play.

The quality of life in West Michigan makes the area a natural landing spot for high-tech companies and entrepreneurs who are adding to the vibrancy of the region and the State of Michigan. Members of the community recognize the importance of collaborating and providing resources to advance the area’s quickly growing entrepreneurial and investment community. This approach helps build a full pipeline of companies at all stages of growth, across many sectors, and with diverse leadership, creating a breadth of opportunities for the people and businesses in West Michigan.



“From the beach to the board room, West Michigan is a marvelous region for entrepreneurs who are looking to build a business, life, and family. The area embodies the very ideal of the entrepreneurial and investment community’s forward-thinking vision of a high performing and empowering entrepreneurial ecosystem – all wrapped in a beautiful, welcoming and imminently livable environment. In doing so, it uniquely engages its business, not-for-profit, and governmental organizations into an effective collaborative culture helping ensure growing prosperity for years to come.”

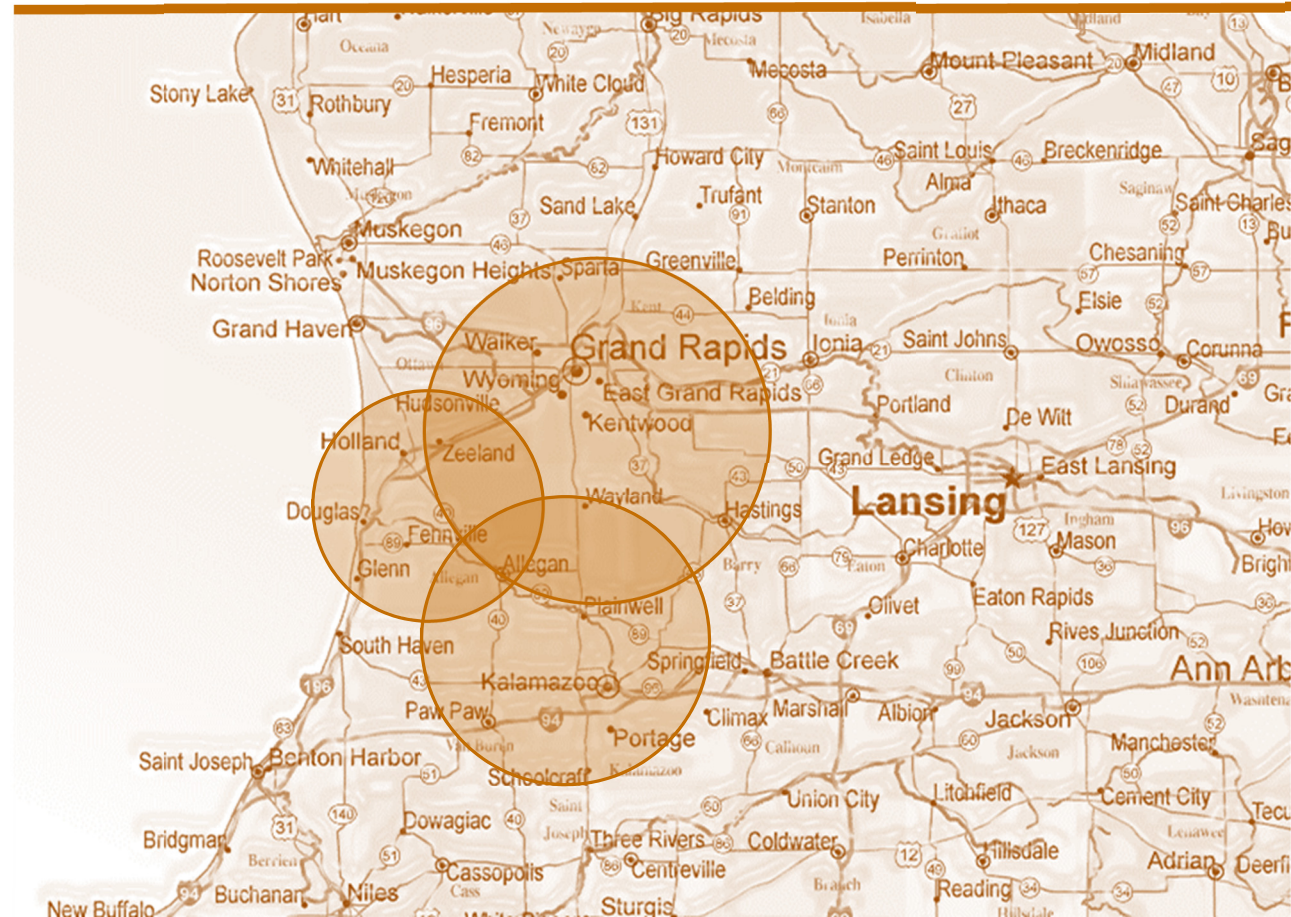
CRAIG HALL, LEE SHORE ENTERPRISES

West Michigan's Entrepreneurial Community

Ablative Solutions
Armune BioScience
Blue Medora
Cirius Therapeutics
eAgile
Magnesium Development Company
MaxOne
Metabolic Solutions Development Company
RespondWell
Sportsman Tracker
Varsity News Network
Vestaron
Alsentis
AureoGen Bioscience
Benefit
Blackbird RSVP
Conpoto

Empirical Biosciences
Fiber By-Products
Genemarkers
IONTOX
Lynx Network Group
MuciMed
NanoVir
Native Traits
OXX
Ranir
Tetra Discovery Partners

28 There are currently 28 active venture-backed startups in West Michigan. This represents 20% of the startup companies growing in Michigan.



A photograph of three people in an office setting. A man in a black shirt is on the left, looking towards a woman in a blue top who is smiling and looking at a colorful map on a table. Another woman in a white top is on the right, also smiling and looking at the map. The background shows a whiteboard with some writing and a red vertical pole.

In the last three years, there has been a

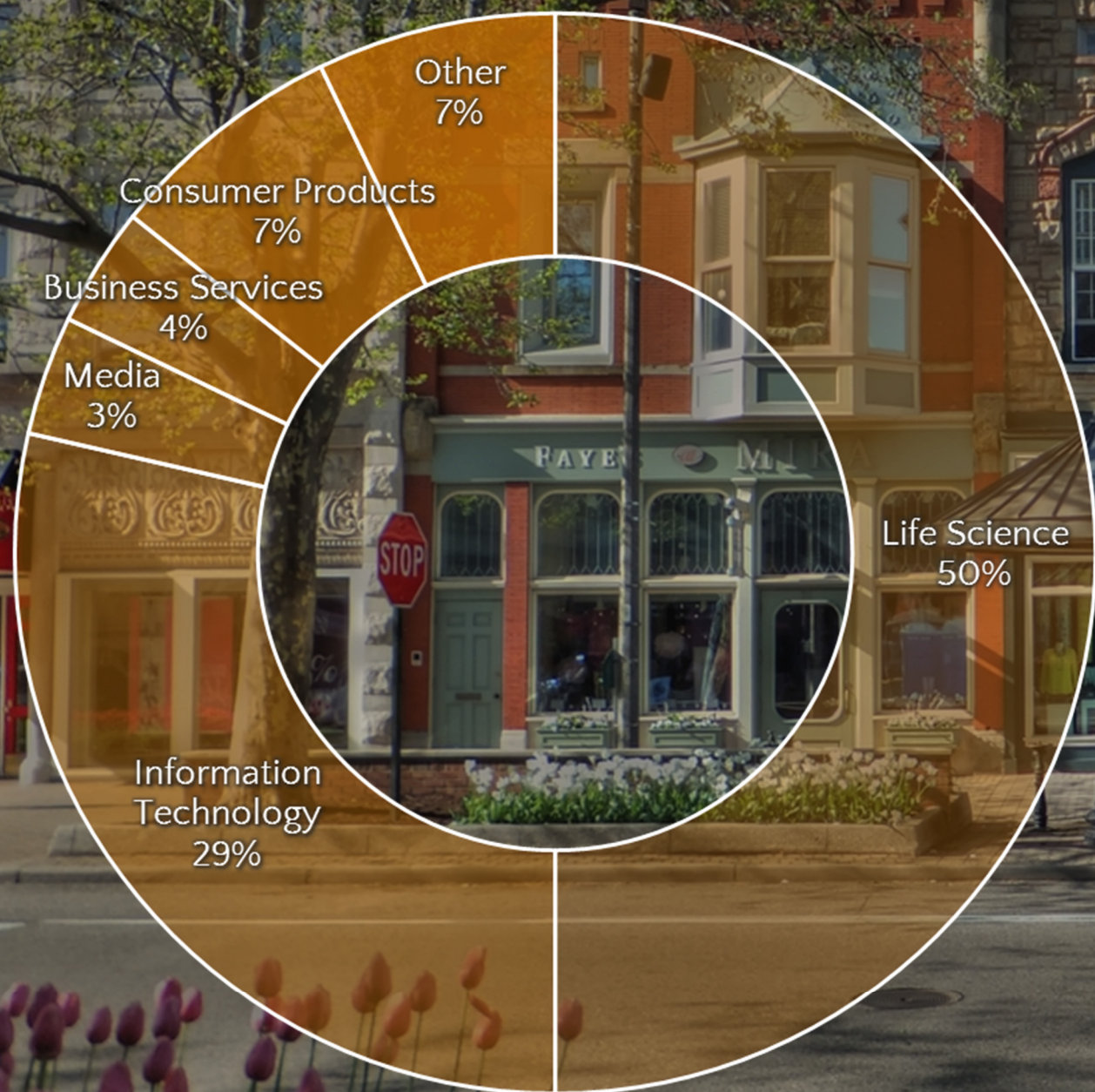
20%

increase in the
number of

West Michigan startup companies.

West Michigan Sector Diversification Analysis

by number of companies



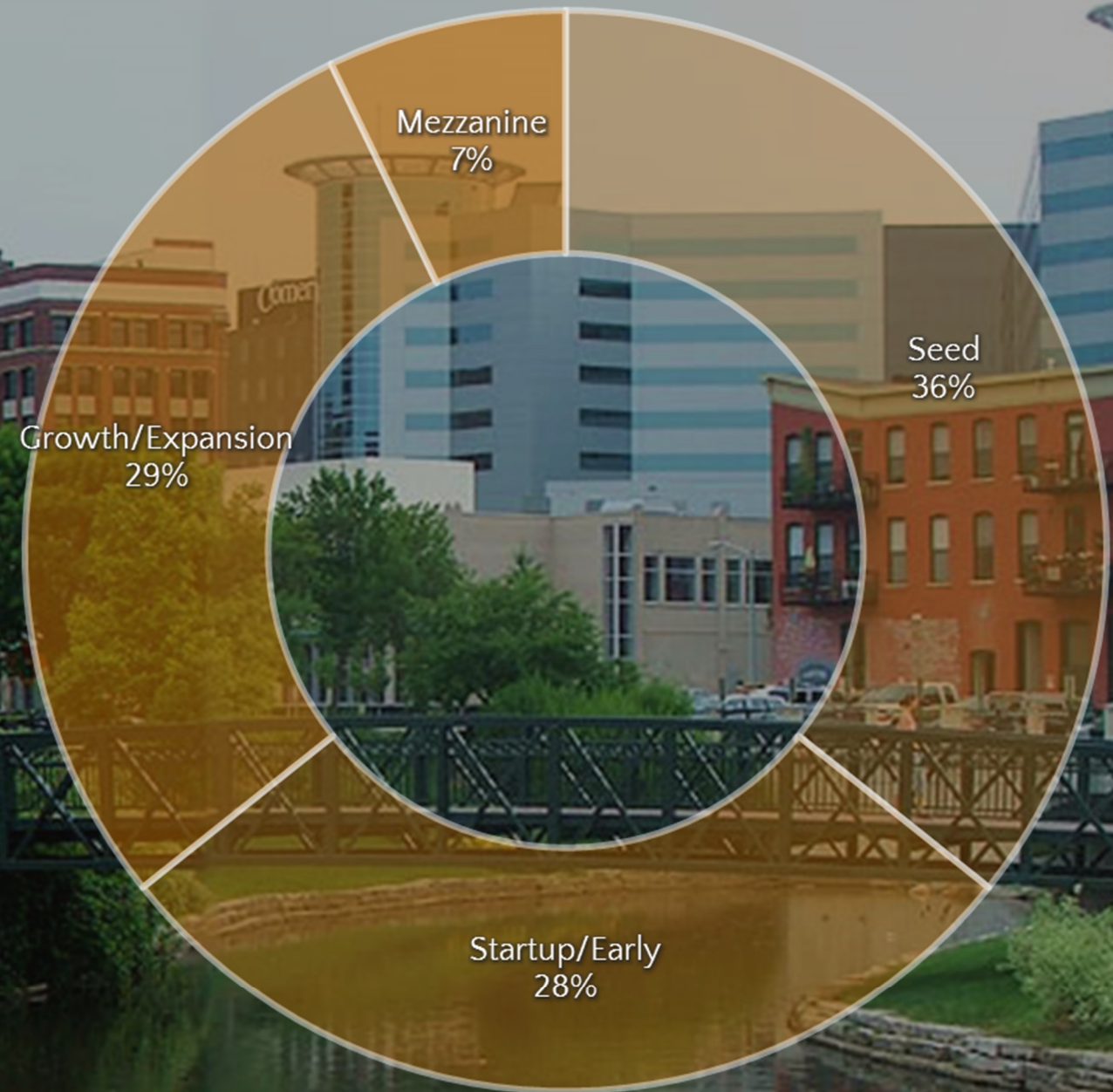
Venture capital investors in Michigan support startup companies across a wide variety of sectors and stages that have a broad diversity of leadership, creating a breadth of opportunities for the people and businesses in West Michigan.

Currently, 50% of the startup companies that have received venture capital funding in the region were life science companies and 29% were information technology companies. Approximately 21% of the startups in the entrepreneurial community in West Michigan were media, business services, consumer products companies, and other sectors.

West Michigan Stage Diversification Analysis

by number of companies

All indications point to the long-term vitality of the entrepreneurial community in West Michigan, but we still have work to do to ensure that there remains a robust capital continuum for West Michigan entrepreneurs and their growing companies. West Michigan has an incredibly balanced pipeline of companies across all stages of growth. The seed, startup/early, and growth/expansion stages are represented equally with approximately one-third of West Michigan's venture-backed startup companies in each stage.



Why are entrepreneurs and investors attracted to West Michigan?

Globally Recognized



West Michigan is a global leader in manufacturing, engineering, design, agriculture & health care

Easier Commute

21 minutes

On average, West Michiganders spend 21 minutes commuting, 24% less than the national average

Beaches

No. 3

Thrillist ranked Holland as the third best beach town in the country

Housing

No. 1

In 2016, *Forbes* named Grand Rapids the “Best Buy City” for housing

Economy

No. 1

According to the *U.S. Bureau of Labor Statistics*, Grand Rapids has the fastest growing economy in the nation

Kalamazoo Promise



Graduates of Kalamazoo Public Schools receive a four-year scholarship for tuition at state colleges or universities

Cost of Living

12.8%

West Michigan's cost of living is 12.8% lower than the national average for housing, food, and healthcare

Schools



High school graduation rates rank above national averages in each of West Michigan's school districts



Half of the venture capital firms in Michigan have active investments in startup companies in West Michigan. In addition, there are six venture firms headquartered or with an office in the West Michigan. These venture firms represent 20% of the firms in Michigan.

“West Michigan is a driving force behind the entrepreneurial movement occurring throughout the State of Michigan. With expertise and funding from angel and venture investors, the entrepreneurial community is creating one of the fastest growing economies in the nation.”

MIKE JANDERNOA, 42 NORTH PARTNERS

In the last year,

13 startups in West Michigan
received more than **\$58,000,000**
from venture capital firms.



Varsity News Network

Company Spotlights

A background image of a football team in green and yellow uniforms celebrating on a field. A banner in the background reads "Varsity Champions Are Made And Success Is Traditional".

Varsity News Network is a Grand Rapids-based information technology startup that provides a web-based platform enabling schools to post content about their sports programs. “Organizations like Start Garden, Ann Arbor SPARK, and Michigan’s network of angel and venture investors have created an increasingly robust resource infrastructure, which has been critical to VNN’s continued growth. It’s humbling to be a part of the amazing growth of this community,” said Ryan Vaughn, CEO of Varsity News Network. This startup company secured investment from several Michigan-based angel and venture capital investors to support its growth since being founded in 2012. “Software companies can start anywhere, but many, like VNN, are choosing West Michigan because it has an ecosystem of talent and capital that meets and exceeds their needs,” said Mike DeVries, portfolio director at Wakestream Ventures. “Unlike many other places, West Michigan can connect entrepreneurs with experienced partners that allow VNN and others to thrive, expand and become national brands.” This growing Michigan company currently employs 73 people in Michigan and is serving 1,750 schools and over 7 million users across the United States.

RespondWell

RespondWell is a Grand Rapids-based life science startup that provides a telerehabilitation platform for physical therapy. This startup company secured investment from Wakestream Ventures, Three Leaf Ventures, and Michigan Accelerator Fund. The ability to adequately fund, build and keep businesses in Michigan at all stages of growth is critical to ensuring the state's economic health in the long run. "RespondWell is a perfect example of both our investment thesis and the opportunity for healthcare innovation in the state of Michigan. Our national presence in digital health enables us to recognize leading telemedicine technology in companies like RespondWell, who are advancing healthcare with the best in class," said Sean Kearney, Founder and Partner of Three Leaf Ventures. This growing Michigan startup company currently employs 20 people and plans to expand operations in Michigan.



MaxOne

MaxOne is a Holland-based media startup that is an all-in-one coaching platform that gives coaches of sports teams an edge. This startup company secured investment from Wakestream Ventures, Invest Michigan, and Muskegon Angels. "The community of investors and mentors for entrepreneurship in West Michigan is growing at a tremendous pace. We've experienced this first hand in the last two years and have benefited by receiving both advice and financial investment from our community. We have advisors and investors from all over the country and find ourselves continuously coming back to our own backyard for trustworthy advice and direction," said Jason Mejeur, Founder and CEO of MaxOne. Supporting companies at all stages of growth is critical to building a strong economy that can withstand economic downturns. "From basketball coaches to engineering leaders, members of our community don't wait for someone to come along and fix a problem. Instead, they develop cutting edge solutions that improve the way businesses and people achieve their goals. This entrepreneurial spirit is what makes our entrepreneurial community unique and fuels the growth of innovative companies like MaxOne," said Jennifer Owens, CEO at Holland-based Lakeshore Advantage. This growing Michigan company currently employs nine people in Michigan and plans to grow to 20 over the next year.

Cirius Therapeutics

Cirius Therapeutics is a life science startup with research and development operations in Kalamazoo. Cirius develops therapies to treat liver disease. This startup company secured investment from Michigan-based Hopen Life Science Ventures and went on to receive support from Renaissance Venture Capital Fund in addition to attracting significant out-of-state investment. "West Michigan's rich history of drug development is an amazing launching pad for exceptional companies. As a leading innovator in the development of therapies for patients with liver disease, Cirius is a prime example of that," said Mark Olesnavage, Managing Director of Hopen Life Science Ventures. Early investment from Michigan venture firms enabled the company's world-class team of drug developers to create groundbreaking treatments that have the potential to impact patients globally. "The research and development team lead by Jerry Colca, a pioneer in drug development, laid the groundwork that enabled Cirius to successfully attract investment from across the country," said Bob Baltera, CEO of Cirius Therapeutics. This growing startup company currently employs four people in Michigan and plans to continue Phase IIb clinical trials, which has over 100 patients enrolled to date.



Michigan Venture Capital Association

The Michigan Venture Capital Association (MVCA) is a non-profit trade organization designed to increase the amount of capital and talent available to venture and angel investors for the funding of Michigan's most innovative entrepreneurs, as well as to work closely with them to transform breakthrough ideas into new companies and industries that drive Michigan job creation and economic growth. MVCA membership includes private and corporate venture capital funds, angel investors, universities and economic development organizations, and service providers. More than 400 individuals are members of MVCA, representing over 100 organizations across the nation.

Additional information about the entrepreneurial and investment community in Michigan can be found at
www.MichiganVCA.org.