



# MVCA

MICHIGAN VENTURE  
CAPITAL ASSOCIATION

2021 ANNUAL RESEARCH REPORT





[www.michiganvca.org](http://www.michiganvca.org) • @MichiganVCA   

© 2021 Michigan Venture Capital Association. This report may be copied and distributed so long as the report is not altered and fees are not charged to the recipients of such copies. Charts, graphs, and other images may be excerpted, copied, and combined with other material so long as such excerpted content is not altered and Michigan Venture Capital Association is identified as the source of the content and owner of copyright. All other rights are reserved.



## Dear Readers,

The past year held unprecedented challenges, and at the Michigan Venture Capital Association (MVCA), we are proud of the perseverance demonstrated throughout the Michigan venture capital and entrepreneurship community. In the face of pressing public health and economic headwinds, technology served as a stabilizing force and powered our new normal. The Michigan venture capital community demonstrated the resilience and strength to support companies that needed critical funding to weather a very difficult storm, while also providing critical growth capital to companies positioned to thrive in the accelerated digital economy. After nearly two decades of work toward the goal of supporting the state's investors and entrepreneurs, we at MVCA are confident that our venture capital community remains poised to drive Michigan's role in the innovation economy. We are excited to present the 2021 MVCA Research Report, which documents the strength and stability of the entrepreneurial ecosystem throughout the state.



Michigan venture capital investors entered 2020 from a position of relative strength, coming off of two record years of venture capital investment activity in the state. We relied on that momentum as we deployed \$257 million in venture capital to 88 Michigan startups in 2020. Even better, for every dollar invested in a Michigan startup by a Michigan-based venture capital firm, \$9.70 of investment was attracted from outside of Michigan. Early-stage growth investing is truly the key to economic strength, and deployment of capital here in the state has measurable effects in attracting capital to Michigan.

We must also take time to focus on the critical call-to-action for social justice and equality that gained important momentum in 2020. At MVCA, we continue to emphasize the importance of diversity, equity, and inclusion throughout our community, but there is clearly more work to be done. We must continue to come together as entrepreneurs and investors to make sure we harness the diverse talents of our fellow Michiganders and welcome the contributions of everyone regardless of background, socioeconomic status, gender, or race.

As we look to a post-pandemic future, members of the Michigan Venture Capital Association can lead a new chapter of economic expansion, one that builds on the deep heritage of innovation in our great state. I salute the perseverance and fortitude reflected in the 2021 MVCA Research Report and call on our members to carry forward the important lessons of this difficult year into a brighter 2021.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Michael Gross', with a long, sweeping horizontal line extending to the right.

Michael Gross  
Chairman of the MVCA Board of Directors  
Managing Director, Beringea

# HERE TO HELP MICHIGAN BUSINESS

To navigate through 2020 and beyond, Michigan businesses had to adapt. And the Michigan Economic Development Corporation was right there alongside them, helping to connect businesses to new resources, meet new partners and access the additional capital they needed from the start. If your business needs support to reach its new potential, the MEDC is available to help in any way we can.

Learn more at [michiganbusiness.org/entrepreneurship](https://michiganbusiness.org/entrepreneurship)

MICHIGAN ECONOMIC  
DEVELOPMENT CORPORATION  

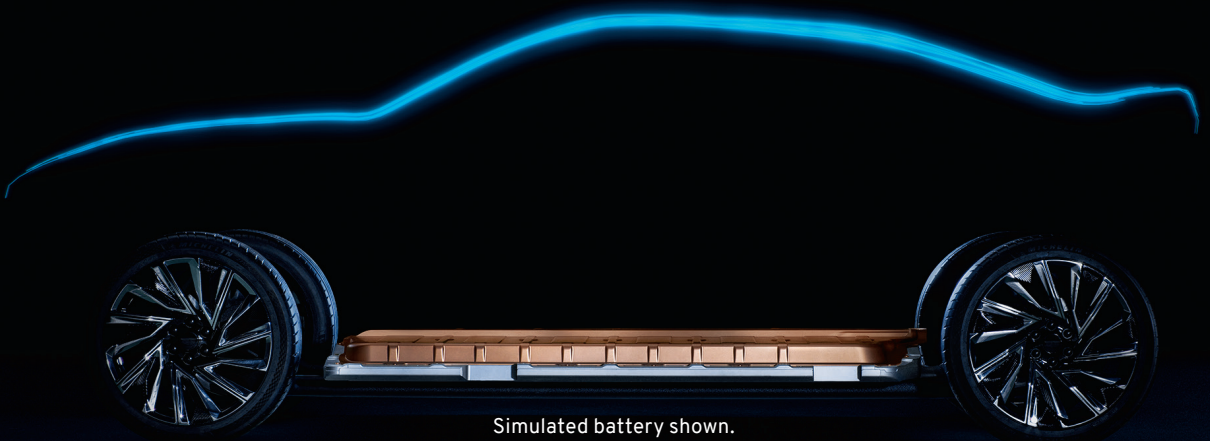
---

PURE PARTNERSHIP





# Shaping the Future of Mobility.



Simulated battery shown.

GM Ventures is proud to be a member of the Michigan Venture Capital Association and support those invested in driving innovation. Together, we can bring opportunities that will build on Michigan's strong past and support our exciting future.



## **2021 Annual Awards Dinner**

SAVE  
THE  
DATE

**Fall 2021**



# Differentiated Growth Capital for Midwest Tech Companies



## Business

B2B software  
Tech-enabled services  
Midwest presence



## Financial

\$3-8MM+ revenue  
High growth  
Clear growth catalysts



## Structure

Flexible growth equity  
Minority ownership  
Active board role

## bodman

ATTORNEYS & COUNSELORS

Bodman's Emerging Companies and Venture Capital team helps choose the optimal business structure for the organization, negotiate equity or debt financing for companies or investors, handle concerns related to employees and independent contractors, and craft an intellectual property strategy that protects the company's assets as it conducts business on a day-to-day basis.



PROUD TO SUPPORT THE

## MICHIGAN VENTURE CAPITAL ASSOCIATION

### CONTACT US

**Timothy R. Damschroder**  
Co-Chair  
734.930.2230  
tdamschroder@bodmanlaw.com

**Susan M. Kornfield**  
Co-Chair  
734.930.2488  
skornfield@bodmanlaw.com

**Justin P. Bagdady**  
734.930.2727  
jbagdady@bodmanlaw.com

**Robert J. Cambridge**  
248.743.6028  
rcambridge@bodmanlaw.com

**Jack Carver**  
743.930.2491  
jcarver@bodmanlaw.com

**Carrie Leahy**  
734.930.0120  
cleahy@bodmanlaw.com

**Frank J. Manley**  
734.930.2489  
fmanley@bodmanlaw.com

**Michael S. Melfi**  
734.930.2497  
mmelfi@bodmanlaw.com

**Joseph R. Morrison, Jr.**  
248.743.2492  
jrmorrison@bodmanlaw.com

**Ryan M. Olson**  
248.743.6026  
rolson@bodmanlaw.com

**Sarah J. Williams**  
734.930.2485  
swilliams@bodmanlaw.com

TABLE OF CONTENTS

07	2021 MVCA Board of Directors and Staff
08	Impact by the Numbers
10	Michigan's Investment Pipeline
12	Venture Capital in Michigan
12	An Analysis of Michigan's Venture Capital Activity
14	Capital Under Management
16	2020 Venture Investment Activity
INSERT	2020 Company Features
18	Diversity in Michigan's Entrepreneurial & Investment Community
20	Attracting Capital to Michigan
22	Diversifying Michigan's Economy
24	Fundraising Analysis
26	Michigan's Role in the National Landscape
28	Michigan Venture Capital Association
28	MVCA Overview



# 2021 MVCA Board of Directors and Staff

## Executive Committee



**CHAIRMAN**  
Michael Gross  
BERINGEA



**VICE CHAIRMAN**  
Jeff Rinvelt  
RENAISSANCE VENTURE  
CAPITAL



**TREASURER**  
Doug Neal  
ELAB VENTURES

## Staff



**EXECUTIVE DIRECTOR**  
Ara Topouzian



**ASSOCIATE DIRECTOR**  
Angela Heflin

## Board of Directors



Jim Adox  
VENTURE INVESTORS



Adrian Fortino  
MERCURY FUND



Patti Glaza  
INVEST DETROIT



Paul McCreadie  
ARBORETUM VENTURES



Fredrick Molnar  
MICHIGAN ECONOMIC  
DEVELOPMENT CORPORATION



Kim Pasquino  
WAKESTREAM VENTURES



Matt Tsien  
GM VENTURES



Evan Ufer  
PLYMOUTH GROWTH





A Snapshot of Michigan's  
Growing Entrepreneurial  
& Investment Community

# IMPACT

by the numbers

**\$257M**  
**Venture Capital  
Invested**  
in 88 Michigan  
Startups in 2020





**23**  
Venture  
Capital Firms

**165**  
Venture-Backed  
Companies  
in Michigan

For every  
**\$1 INVESTED**  
in a Michigan Startup  
by a Michigan-Based  
Venture Capital Firm,  
**\$9.70 OF INVESTMENT**  
is attracted from  
outside of Michigan

**81**  
Venture Capital  
Professionals

**555**  
Venture Firms from  
Outside of Michigan  
have Invested in  
Michigan-based  
Startups

**1,053**  
Angel  
Investors

**\$3.7B**  
Total Capital  
Under  
Management

**\$49.5M**  
Angel Capital  
Invested  
in 102 Michigan  
Startups in 2020



# Michigan’s Investment Pipeline

Michigan’s university funds, economic development funds, and angel investors play a critical role in building the entrepreneurial community by providing access to capital and mentorship for startup companies at their earliest stages of development. Additionally, these funds offer a pipeline of investment opportunities for the state’s venture capital investors.

## UNIVERSITY AND ECONOMIC DEVELOPMENT-RELATED FUNDS

Biosciences Research & Commercialization Center (WMU)  
Invest Michigan (MEDC)  
Michigan Biomedical Venture Fund (UM)  
Michigan Rise (MEDC)  
Red Cedar Ventures (MSU)

## ANGEL ORGANIZATIONS

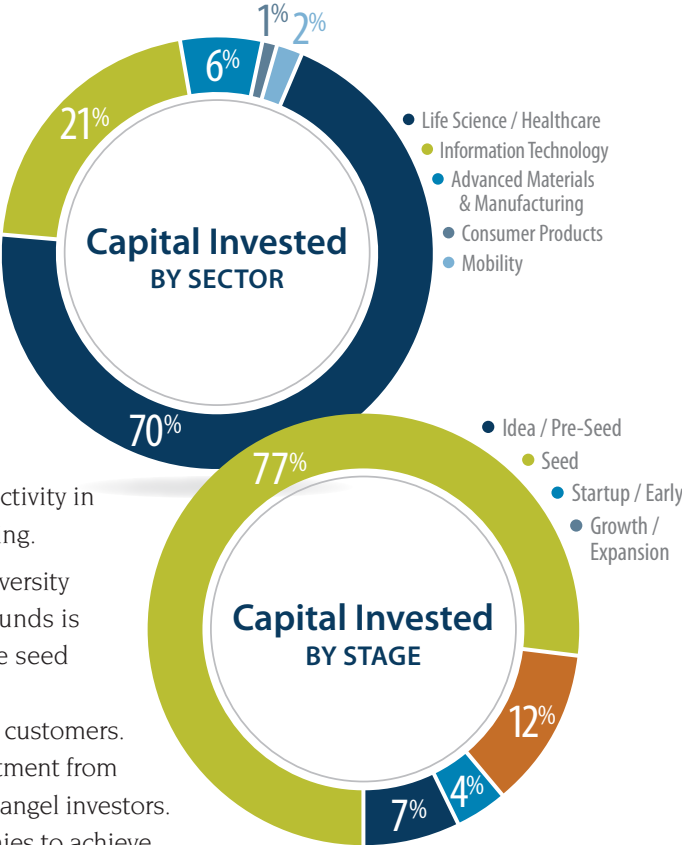
Individual Angel Investors  
Ann Arbor Angels  
Ark Angels

BELLE Michigan  
Birmingham Angels  
Capital Community Angels Investors  
Commune Angels  
Grand Angels  
Innovation Shore Angels Network  
Ka–Zoo Angels  
Michigan Angel Fund  
Muskegon Angels  
Northern Michigan Angels  
Pointe Angels  
Woodward Angels

## University and Economic Development-Related Funds

- Total funds under management of university and economic development-related funds in Michigan in 2020 was \$52.1 million, an increase of 13% from the prior year.
- Out of the total \$52.1 million under management in Michigan, 65% of the capital has already been invested into companies, 18% is reserved for follow-on investment into existing companies, and 17% is available for new startups seeking funding.
- Capital available for new investments in 2020 was \$9.2 million, an increase of 303% from the prior year.
- In Michigan, 54 startups received more than \$5 million from university and economic development-related funds in 2020.

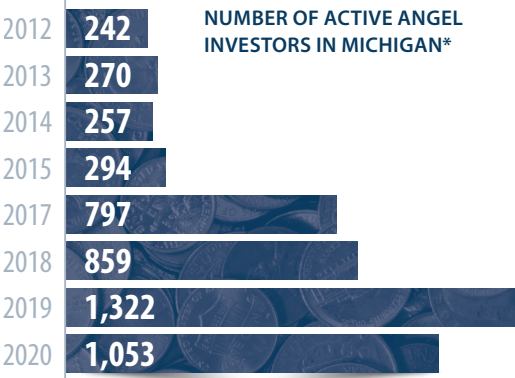
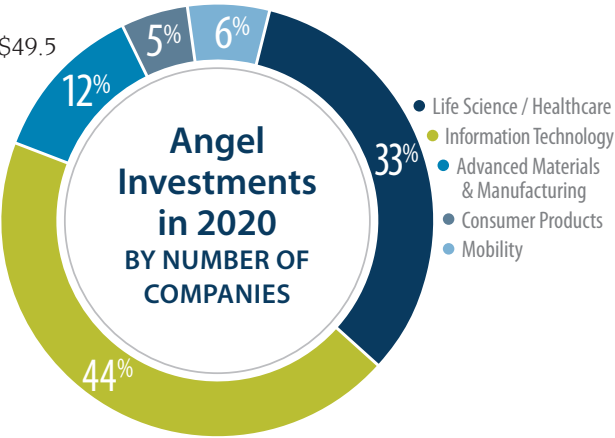
- There are 139 startup companies in Michigan that are gaining traction with the support of these funds. While economic development and university funds support a variety of sectors, the life science and information technology sectors are the focus of capital development. Unsurprisingly, this is similar to the activity in later venture capital rounds of financing.



- 77% of total capital from Michigan university and economic development-related funds is invested in companies that are in the seed stage. Companies in this stage are developing prototypes and identifying customers. Typically, these companies have investment from founders, family, friends, and perhaps angel investors. These funding sources enable companies to achieve milestones that are necessary to raise venture capital.

### Angel Investors<sup>1</sup>

- In Michigan, 102 startups raised over \$49.5 million from angel investors in 2020.
- Information technology companies made up nearly half of the companies receiving angel investment in 2020.
- In 2020, Michigan had 1,053 angel investors, a 258% increase over the course of the last five years. These investors either invested individually or alongside others in one of the state's 14 angel groups.
- There are 978 people employed at the 102 Michigan startups that received angel investment in 2020.
- The median size of an investment made by an individual angel investor in 2020 was \$30,000.



Source: <sup>1</sup>2020 Michigan Angel Community Research Report  
 \*Data not available for 2016



# Venture Capital in Michigan



## An Analysis of Michigan's Venture Capital Activity

There are 23 private venture firms operating in Michigan. Of the 23 venture firms, 20 are headquartered in Michigan and an additional three are headquartered elsewhere with a Michigan office. In addition to venture firms, there are two fund of funds and five corporate venture funds in Michigan. Altogether, these firms employ a total of 108 investment professionals in the state.



### **Michigan-Based Venture Capital Firms**

Arboretum Ventures  
Augment Ventures  
Beringea  
BioStar Capital  
Detroit Venture Partners  
eLab Ventures  
Fontinalis Partners  
Grand Ventures  
Hopen Life Science Ventures  
Huron River Ventures  
ID Ventures  
Ludlow Ventures  
Michigan Accelerator Fund I  
Narrow Gauge Ventures  
North Coast Technology  
Investors  
Plymouth Growth Partners  
RPM Ventures  
Tamarind Hill  
Tappan Hill  
Wakestream Ventures

### **Out-of-State Venture Capital Firms with a Michigan Presence**

Mercury Fund  
MK Capital  
Venture Investors, LLC

### **Michigan-Based Venture Capital Fund of Funds**

Renaissance Venture Capital  
Venture Michigan Fund

### **Michigan-Based Corporate Venture Funds**

Dow Venture Capital  
Eighteen94 Capital  
General Motors Ventures  
Kelly Services  
Spectrum Health  
Ventures



# Capital Under Management

- Venture capital under management among venture capital firms headquartered in Michigan continues a steady growth trend. **Total venture capital funds under management of firms headquartered in Michigan in 2020 was \$2.8 billion, an increase of 28% over the last five years.**
  - Total venture capital funds under management in Michigan in 2020 was \$3.7 billion, a decrease of 31% over the last five years.

Capital Under Management  
15 YEAR ANALYSIS (\$B)

- National firms with Michigan presence
- Michigan-based venture firms



- Out of the total \$3.7 billion under management in Michigan, 73% of the capital has already been invested into companies. 12% is reserved for follow-on investments into existing companies and 15% is available for new startups seeking venture capital.
- Capital available for new investments in 2020 was \$503 million, a decrease of 44% over the last five years.
- Nearly \$431 million is reserved for follow-on financings for existing Michigan-based portfolio companies, an increase of 9% from last year. **MVCA survey respondents estimate that \$1.2 billion of additional venture capital will be required to adequately fund the growth of Michigan's 165 startup companies in the next two years.**

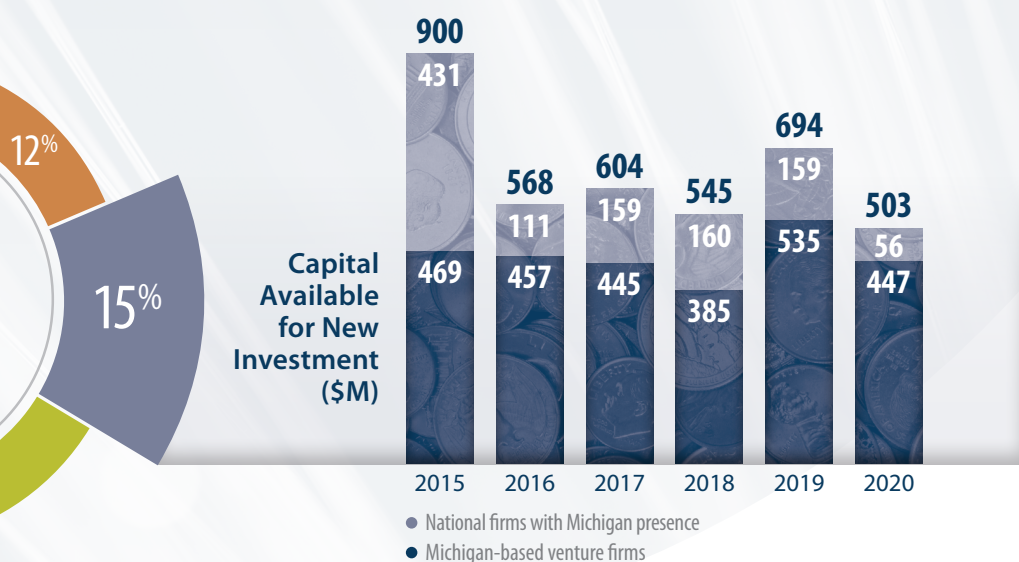
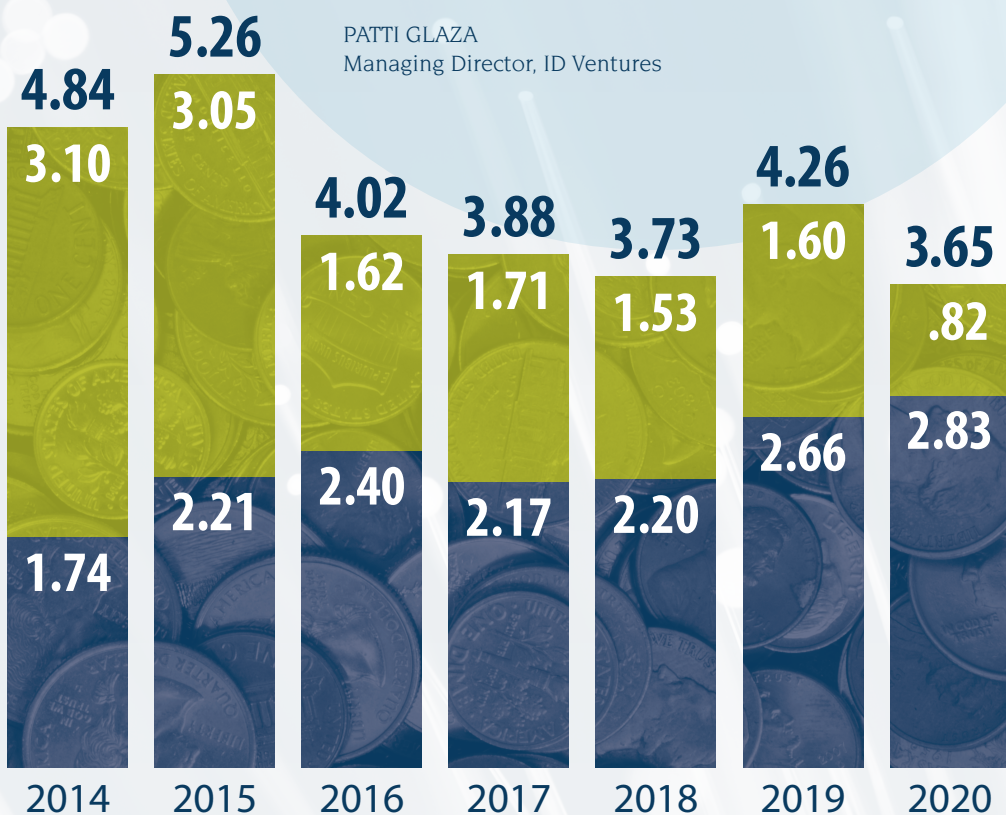






The quality of Michigan-based startups in our deal flow has never been higher. Entrepreneurs from home and across the US are choosing Michigan to start and grow their companies. Capital, however, remains our top limiting factor for growth. Our startups need longer runways and local investor support. Fundraising success of our local VC firms is critical to the state's continued growth of its innovation sector."

PATTI GLAZA  
Managing Director, ID Ventures



## 2020 Venture Investment Activity

Strong Michigan venture firms are a critical factor in the success of Michigan startups. With Michigan venture investors backing 96.4% of all Michigan venture-funded startups, our state's entrepreneurial economy hinges on our ability to consistently provide high-growth, high-potential companies with access to capital.

In Michigan, 88 startups received more than **\$257 million** in venture capital investment in 2020; this is a 19% increase over the last five years in the amount of venture capital invested in Michigan startups.



### Advanced Materials and Manufacturing

Ecovia Renewables  
More Golf

### Business Services

86 Repairs  
Assemble  
Facility Health

### Consumer Products

Ash & Erie  
Bloomscape  
Ellis Island Tea  
Genusee  
Micro-LAM  
PassiveBolt

### Information Technology

AaDya Security  
AdAdapted  
Alchemie  
ATLAS Space Operations  
Auralab  
Autobooks  
Blue Medora  
BrandXR  
CARROT pass  
CertifiD  
Connect Space  
Detroit Maid Group  
Diet ID  
Dynamo Metrics  
FreightRoll  
Give and Take

HT Mobile Apps  
Inductive Intelligence  
InvestNext  
Lift AI  
Lingco Language Labs  
MaxOne  
Mi Padrino  
Mountain Pass Soutions  
MySwimPro  
Navv Systems  
Nerd Bunny I  
Nickels  
Onboard  
Passage  
Ploria  
Pocketnest  
Quikly  
Shoptelligence  
SightLine  
Signal Advisors  
Sixth Man  
SkySync  
Sportsman Tracker  
SU2 Systems  
Towel Tracker  
VNN  
Waymark

### Life Science / Healthcare

Akadeum Life Sciences  
Alerje  
Amplitude Vascular Systems

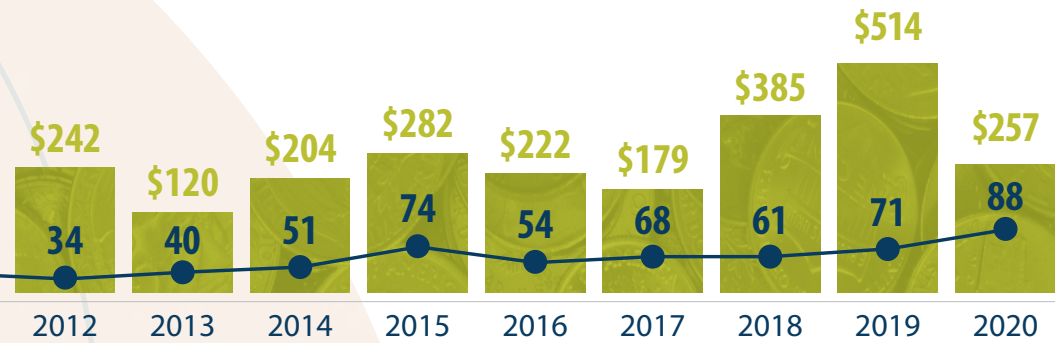
ArborMetrix  
Asalyxa Bio  
Avidhrt  
Blue Willow Biologics  
Calcium Solutions  
Delphinus Medical Technologies  
Epsilon Imaging  
Esperovax  
Espervita  
Functional Fluidics  
Genomenon  
GreenMark Biomedical  
HistoSonics  
Life Magnetix  
LynxDx  
New Vital Signs  
Ocuphire Pharma  
Ripple Science  
Seraph Biosciences  
Shoulder Innovations  
SpellBound  
StabiLux Biosciences  
Strata Oncology  
Swift Biosciences  
The Patient Company  
Workit Health

### Mobility

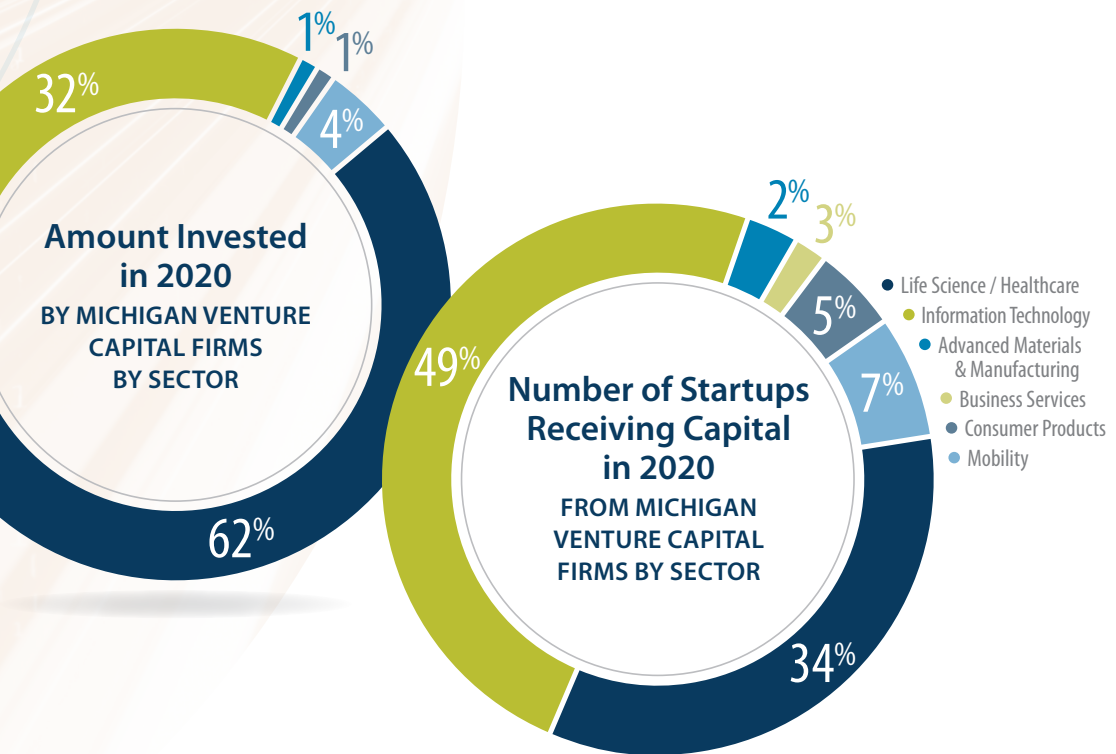
Bedestrian  
Intvo  
Refraction AI  
Traxen  
Voxel51

## Annual Venture Capital Investment in Michigan

- Amount of venture capital Michigan startups are receiving (in millions)
- Number of Michigan startups receiving venture capital investment each year



- There are **165 venture-backed startup companies in Michigan**, an increase of 17% over the last five years. Startup companies move Michigan forward economically by diversifying the economy, attracting and hiring talent in the state, and securing out-of-state capital investment.
- While Michigan venture funds invest in a wide variety of sectors, the life science and information technology sectors continued to be the focus of capital deployment in 2020. Of the startups that received venture funding from Michigan venture capital firms in 2020, 34% were life science companies and 49% were information technology companies.





## 2020 Company Features

Although 2020 was a hard year for many businesses, Michigan's entrepreneurial and investment community still saw a great deal of success over the course of 2020. Significant investments and company pivots helped to fuel the growth of the entrepreneurial ecosystem. Here are just a few of the companies that are contributing to the state's vibrancy:

**86 Repairs** is a Grand Rapids-based Business Services company led by **Daniel Estrada** that manages the entire equipment repair process for restaurant groups. This includes diagnostics, scheduling repair services with a restaurant's preferred vendors, and providing budgeting insight regarding how much is spent on equipment maintenance. 86 Repairs has received investments from Invest Detroit Ventures, Tamarind Hill, and Chicago Early Growth Ventures, among others. The work and success of 86 Repairs led to their recently raised \$1.5 million in new funding



**Llamasoft** is an Ann Arbor-based Information Technology company led by **Razat Gaurav** that helps business leaders design operational strategies to achieve profitability. They create a true end-to-end view of a company's global supply chain in which analysis, scenario testing, and decisions are conceived and executed across strategic, tactical, and operational time horizons. The growing company has received investments from Augment Ventures and MK Capital, among others. In 2020, Llamasoft was acquired by Coupa Software, Inc., a Silicon Valley-based company, for \$1.5 billion.





**Detroit Maid Group** is a Detroit-based Information Technology company led by **Danielle Smith** that is an online marketplace for on-demand cleaning. They are able to coordinate clients with experienced cleaning services in a matter of minutes. Detroit Maid Group received investments from Invest Detroit Ventures and others. In response to the COVID-19 pandemic, Detroit Maid Group shifted their business model from a residential focus to a commercial focus; this adjustment has allowed the company to thrive while also supporting the operations of other businesses. Their growing success earned them recognition in *Fortune* and on *Good Morning America*.



**Ellis Island Tea** is a Detroit-based Consumer Products company led by **Nailah Ellis-Brown** that manufactures an all-natural, antioxidant-rich hibiscus tea. The tea is made using a recipe passed down from Ellis-Brown's grandfather, a Jamaican immigrant who came to the United States via Ellis Island in New York Harbor. Ellis Island Tea has received investments from Invest Detroit Ventures and others. Ellis Island Tea also attracted attention last year after partnering with comedian, actor, and investor Kevin Hart. Additionally, Ellis Island Tea is the largest Black-owned beverage company in the United States.



**ELLIS ISLAND TEA**

**Genusee** is a Flint-based Consumer Products company led by **Ali Rose VanOverbeke** that makes eyewear from recycled single-use plastic water bottles as a result of the Flint Water Crisis. The company is committed to creating infrastructure and job opportunities to employ the structurally unemployable and returning citizens coming out of incarceration in Flint. Genusee has received investments from Invest Detroit Ventures, Hawke Ventures, and 100K Ventures, among others. Genusee collaborates with local artists to create unique designs for eyewear, and has been acknowledged by many investors as a wonderful example of a business with high social impact investment potential.



**Genusee**

**Facility Health** is a Belmont-based Business Services company led by **Christian Fernando** that sells predictive software to health care organizations that monitors components of their infrastructure. This Artificial Intelligence software allows companies to more accurately assess the function of their equipment and determine when to repair and upgrade these systems. Facility Health has received investments from Invest Detroit Ventures and Wakestream Ventures, among others. Facility Health raised nearly \$1.3 million last year in order to expand its operations, and plans to diversify its work into other industries, including the Food Processing and Real Estate sectors.



**Ocuphire Pharma** is a Farmington Hills-based Life Science/Healthcare company led by **Mina Sooch** that focuses on developing and commercializing therapies for the treatment of several eye disorders. They are currently overseeing several clinical trials for ophthalmological medications. Ocuphire Pharma has received investments from Invest Detroit Ventures and others. In 2020, Ocuphire Pharma announced the completion of its merger with Rexahn Pharmaceuticals, Inc., and shares for the company may now be traded on the Nasdaq National Market.



“As an Ann Arbor native, it’s been gratifying to watch Michigan’s entrepreneurial community thrive. Workit Health has tripled growth over the past few years — that wouldn’t have been possible without the bedrock of Michigan talent at the core of our team. Despite the challenges of COVID-19, this community’s tenacity and STEM chops have never ceased to amaze me.”

LISA MCLAUGHLIN  
Co-CEO & Co-Founder, Workit Health

**Pocketnest** is an Ann Arbor-based Information Technology company led by **Jessica Willis** that provides comprehensive financial planning to genX and millennials in a digital, methodical platform. Their aim is to provide their clients with an accessible, tech-centered means for managing finances. Pocketnest has received investments from Invest Detroit Ventures, Blue Leaf Ventures, and Cleo Capital, among others. Given the financial uncertainty wrought by the COVID-19 pandemic, Pocketnest's unique platform and comprehensive services have proven to be beneficial to many. The company recently closed a successful round of funding, raising \$1.2 million from venture capital investors.



**Ripple Science** is an Ann Arbor-based Life Science/Healthcare company led by **Peter Falzon** that applies technology to solve patient recruitment and retention challenges. These obstacles are the most commonly-cited reasons for the failure of clinical trials. Ripple Science has received investments from Mercury Fund, Narrow Gauge Ventures, Invest Detroit Ventures, Revolution, and M25, among others. In 2020, Ripple Science secured \$2.5 million of venture capital investment.



**Workit Health** is an Ann Arbor-based Life Science/Healthcare company led by both **Lisa McLaughlin** and **Robin McIntosh** that offers telemedicine addiction treatment. Their range of services includes medicinal treatment with Suboxone (buprenorphine) and naltrexone (Vivitrol/Revia), online therapy, and recovery coaching. Workit Health has received investments from Invest Detroit Ventures, Wakestream Ventures, Blue Venture Fund, and FirstMark Capital, among others. To address increasing rates of addiction exacerbated by the COVID-19 pandemic, Workit Health expanded its remote services for patients and attracted over \$12 million from venture capital investors.







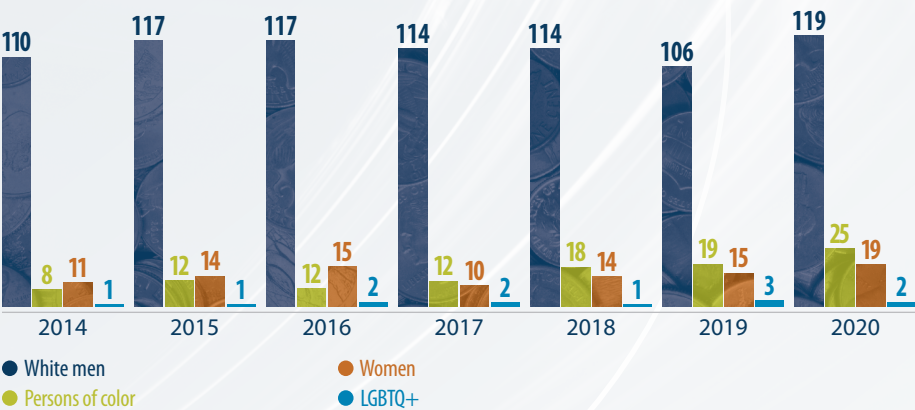
# Diversity in Michigan's Entrepreneurial & Investment Community

Michigan, along with the rest of the nation, has experienced measurable benefit and success from startup companies that have more diverse leadership teams. However, statewide funding data indicates that companies led by underrepresented groups are systemically underfunded.

## Diversity in Michigan's Entrepreneurial Community\*

There are currently 165 venture-backed startup companies in Michigan.

- 15% of Michigan venture-backed startups were led by a CEO who is a person of color, compared to 7.4% of CEOs of Fortune 500 companies nationally.<sup>1</sup> 39% of the U.S. population are persons of color.<sup>2</sup>
- 12% of Michigan venture-backed startups were led by a CEO who is a woman, compared to 8.2% of CEOs of Fortune 500 companies nationally.<sup>3</sup> 50.8% of the U.S. population are women.<sup>2</sup>
- 1% of Michigan venture-backed startups were led by a CEO who identifies as LGBTQ+. 5.6% of the U.S. population identify as LGBTQ+.<sup>4</sup>



## Total Capital Invested in Michigan

In Michigan, 88 startups received over \$257 million from venture capital firms in 2020. Of that, \$57.8 million was invested in 26 Michigan startup companies led by a CEO who is a member of an underrepresented group.

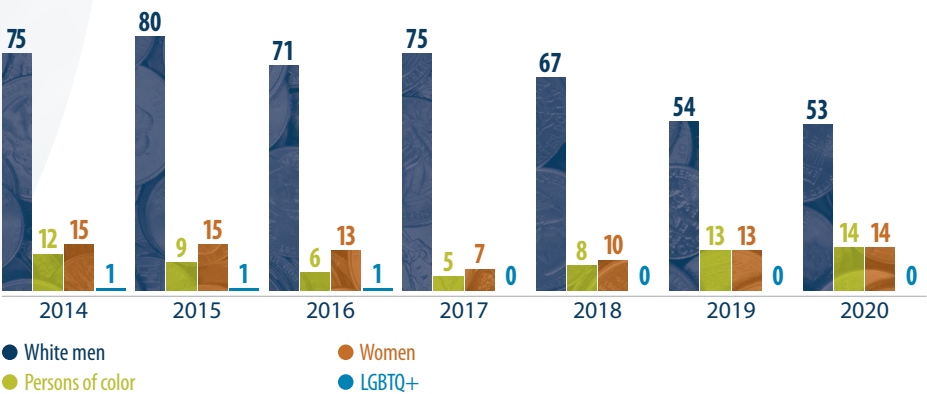
- \$42.7 million was invested in startups led by women.
- \$34 million was invested in startups led by persons of color.
- \$2.4 million was invested in startups led by individuals who identify as LGBTQ+.



## Diversity in Michigan’s Venture Capital Community\*

There are currently 81 venture capital professionals in Michigan.

- 17% of venture capital professionals in Michigan are persons of color, compared to 24% of venture capital professionals nationally.<sup>5</sup> 39% of the U.S. population are persons of color.<sup>2</sup>
- 17% of venture capital professionals in Michigan are women, compared to 21% of venture capital professionals nationally.<sup>5</sup> 50.8% of the U.S. population are women.<sup>2</sup>
- None of the venture capital professionals in Michigan identify as LGBTQ+. 5.6% of the U.S. population identify as LGBTQ+.<sup>4</sup>



\*If an individual falls into multiple categories the total may be greater than 100%

Source: <sup>1</sup>The Society Pages <sup>2</sup>United States Census Bureau <sup>3</sup>Fortune <sup>4</sup>Gallup

<sup>5</sup>NVCA-Deloitte Human Capital Survey

# Attracting Capital to MICHIGAN

Michigan's venture capital community plays a critical role in attracting and leveraging outside investment capital. Local firms are often the first to identify strong Michigan-based investment opportunities and can then provide deal leadership.

“Not only is our team at M25 seeing flywheel effects from the success of companies in Michigan, but we're also seeing an increasing mix of resources available to entrepreneurs and a business climate that creates a strong foundation for success and relationships.”

ABHINAYA KONDURU  
Senior Associate, M25



Firms from outside  
of Michigan that  
are the most active  
investors in the state.





165

There are **165 venture-backed startup companies in Michigan**, an increase of 17% over the last five years, that are strengthening Michigan's economy by attracting and hiring talent in the state.

\$1.2B

An estimated **\$1.2 billion of additional venture capital** will be required to adequately fund the growth of Michigan's 165 startup companies over the next two years.

\$431M

An estimated **\$431 million is reserved for follow-on financing** into existing portfolio companies across the United States.

\$9.70

For every **\$1** invested in a Michigan startup by a Michigan-based venture capital firm, **\$9.70** of investment is attracted from outside of Michigan.

555

**555 venture capital firms from outside of Michigan** have invested in Michigan-based startups.

10%

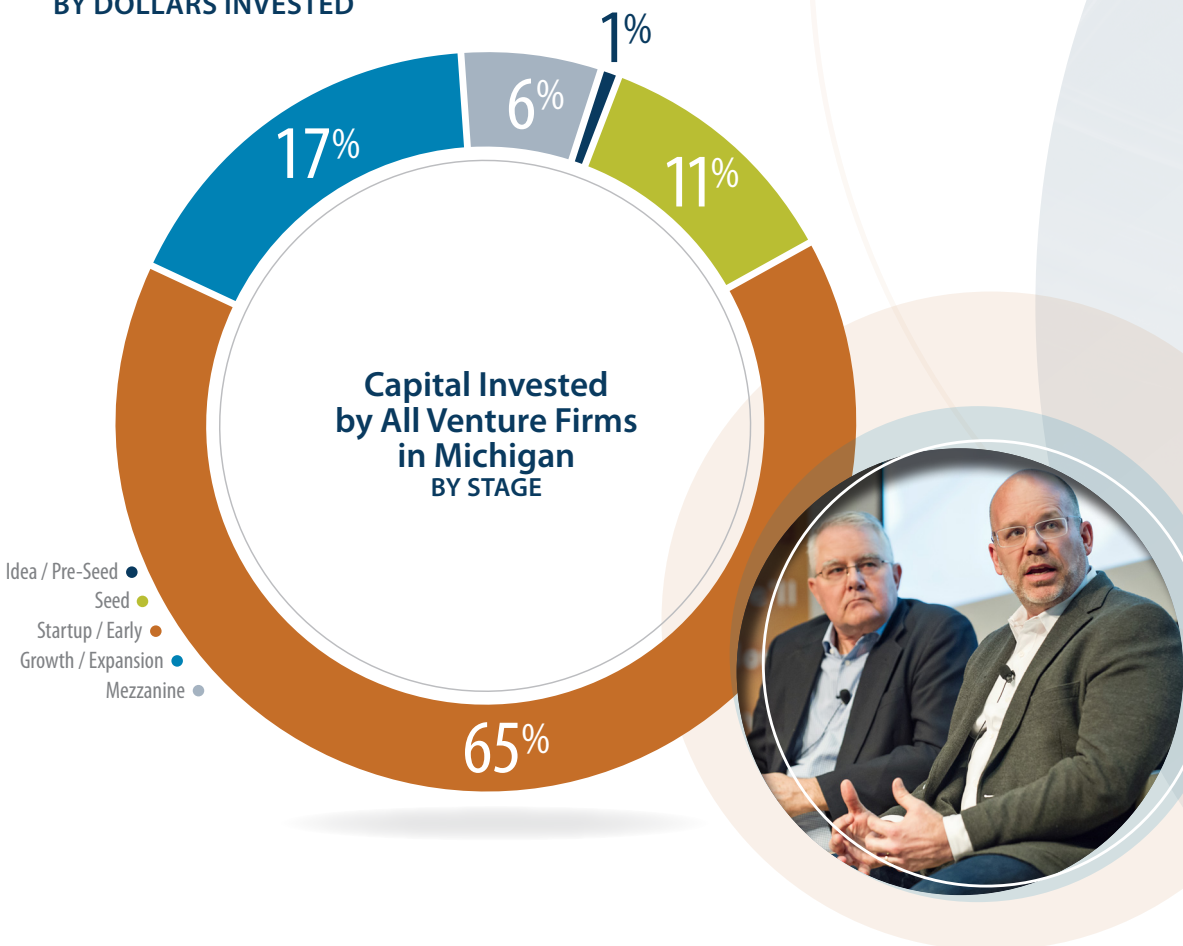
Michigan venture capital firms contributed **10% of the total** capital invested in Michigan startups in the last year. The remaining investments came from venture capital funds outside of Michigan.

# Diversifying Michigan's Economy

Venture capital investors in Michigan support startup companies across a wide variety of sectors, stages, and backgrounds, resulting in a robust and diversified economy in the state.

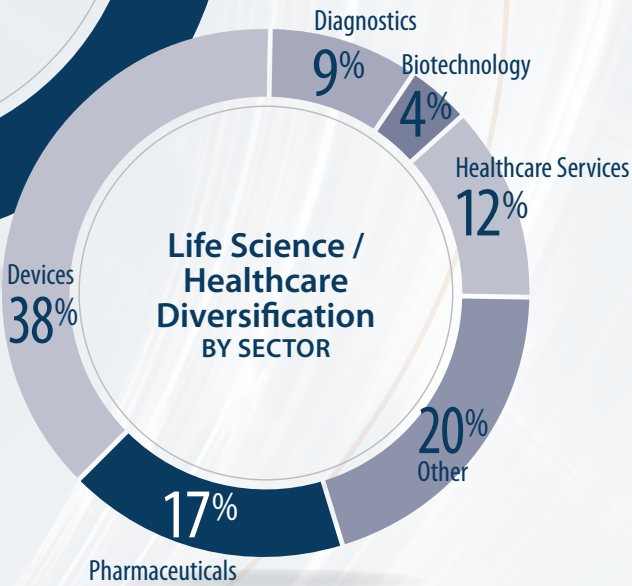
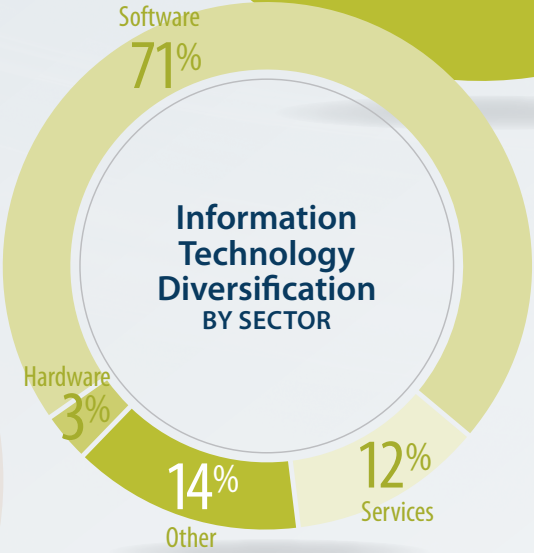
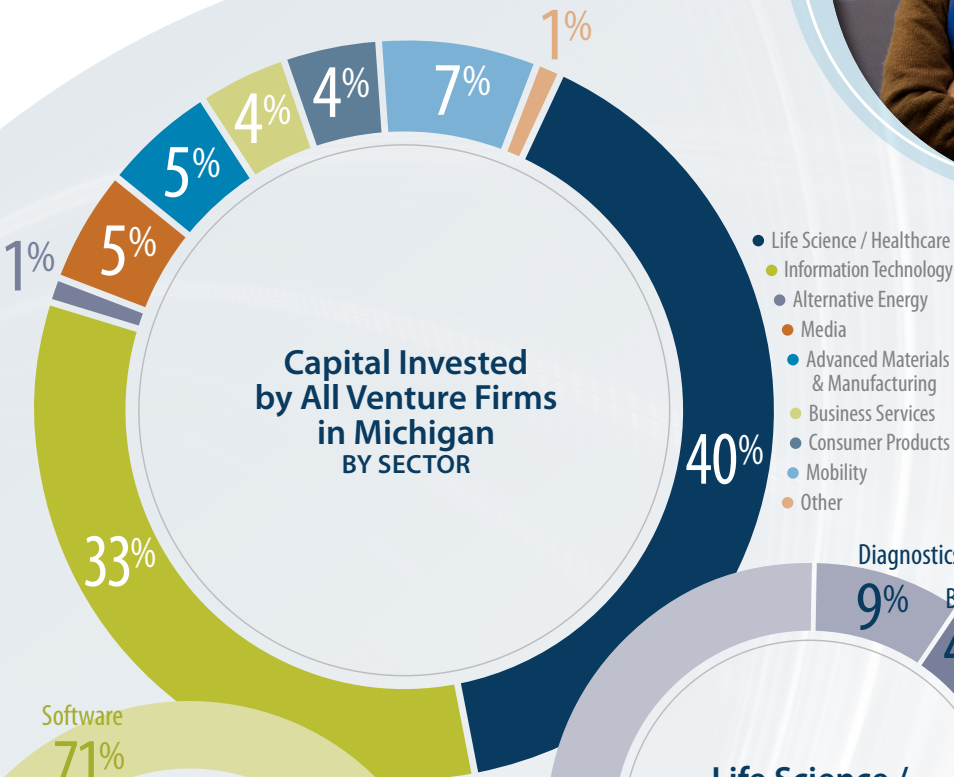
- The life science sector continues to be the focus of capital deployment with 40% of total capital invested. Medical device startups accounted for 38% of all investment made in the life science sector.
- The information technology sector received 33% of total capital invested. Software companies accounted for 71% of all investments made in the information technology sector.
- 65% of total capital invested by Michigan venture capital firms was in companies that are in the startup/early stage. Companies in the startup/early stage have a developed product or service they are selling to a target market. These startups fund activities with venture capital and are starting to earn revenues from operations, but are not yet cash flow-positive.

## Stage Diversification Analysis BY DOLLARS INVESTED



# Sector Diversification Analysis

BY DOLLARS INVESTED

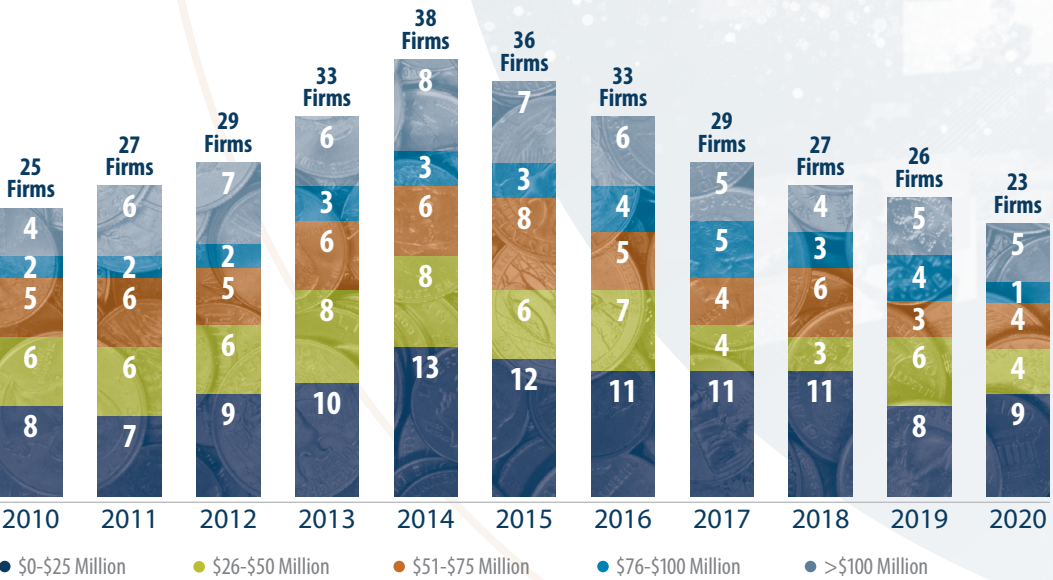




# Fundraising Analysis

- In the last year, Michigan-based venture firms managed 65 funds, while out-of-state firms with Michigan offices managed 12 funds. Together, these 77 funds had 446 active portfolio companies, a 15% decrease from five years ago.
- The average venture capital fund size among Michigan-based firms is \$58 million. If out-of-state funds with a Michigan office are included, the average fund is \$63 million.

## Distribution of Michigan Venture Capital Fund Sizes



## Fundraising Targets

- In 2020, venture firms with a presence in Michigan were targeting to raise a total of \$527 million. The total amount reported to have been raised in 2019 was \$171 million, 68% less than targeted.

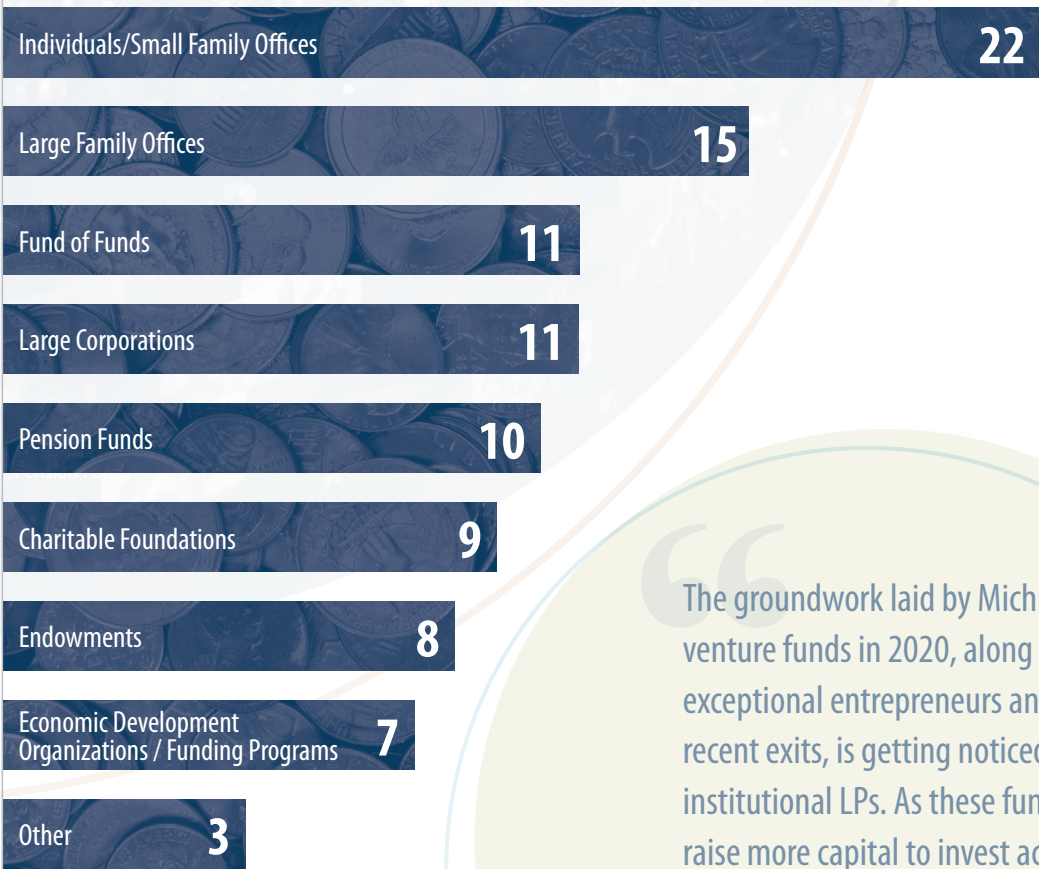
## Venture Firm Experience

- There are 81 venture capital professionals living, working and investing in Michigan, a decrease of 37% from five years ago.
- Although the number of venture capital firms in Michigan has decreased, existing venture capital firms are finding success raising new funds and building a greater track record of investment in Michigan. **50% of venture capital firms headquartered in Michigan have managed three or more funds.**
  - Venture firms with headquarters in Michigan managed an average of 3.1 funds.
  - Venture firms with an office in Michigan but headquarters elsewhere managed an average of 4 funds.

### Sources of Capital for Michigan Venture Firms

- 11 of the existing venture firms in Michigan are currently targeting to raise \$446 million in 2021. The average target fund size is \$70 million.
- The most common sources of capital for venture firms in Michigan are individuals, large family offices, small family offices, large corporations, and fund of funds.

### Popular Sources of Capital for the 23 Venture Firms in Michigan



“The groundwork laid by Michigan venture funds in 2020, along with exceptional entrepreneurs and recent exits, is getting noticed by institutional LPs. As these funds raise more capital to invest across sectors and stages, they will boost the entire local ecosystem. Augment is excited to be part of this Mighty Michigan story.”

SONALI VIJAYAVARGIYA  
Managing Partner, Augment Ventures

# Michigan's Role in the National Landscape



Michigan is a leader of innovation and has successfully created an attractive environment for early-stage investing. In the last five years, Michigan's venture capital community has demonstrated strong growth in many key metrics, outpacing the national venture capital landscape over the same time period.

“Michigan is showing strong success in growing the entrepreneurial ecosystem and venture community. Over the past 5 years the state has seen significant exits in venture backed companies such as Duo Security and NeuMoDx. Along with this, venture funds have successfully raised larger funds, significantly growing the total capital under management. This has led to growth in the number of venture capitalists in the state and growth in the number of venture backed companies. Michigan is a great place to be an entrepreneur.”

JAN GARFINKLE  
Managing Partner, Arboretum Ventures



Venture Capital Investment

97%

Average Venture Capital Under Management per Firm

-7%



## NATIONAL VENTURE CAPITAL STATISTICS<sup>1</sup>

	2015	2016	2017	2018	2019	2020
Number of VC Firms in Existence	1,041	1,094	1,200	1,284	1,328	1,965
Total Capital Under Management (\$B)	\$315.6	\$334.4	\$347.1	\$425.1	\$444.3	\$548.2
Average Venture Capital Under Management per Firm (\$M)	\$303	\$306	\$289	\$331	\$335	\$281
Average Venture Capital Fund Size (\$M)	\$127	\$142	\$138	\$203	\$189	\$130
# of Startups Receiving Venture Capital	10,366	9,219	9,853	9,939	10,430	10,862
Venture Capital Investment (\$B)	\$83	\$78	\$87	\$142	\$133	\$164

Source: <sup>1</sup> NVCA 2020 Yearbook, data provided by PitchBook

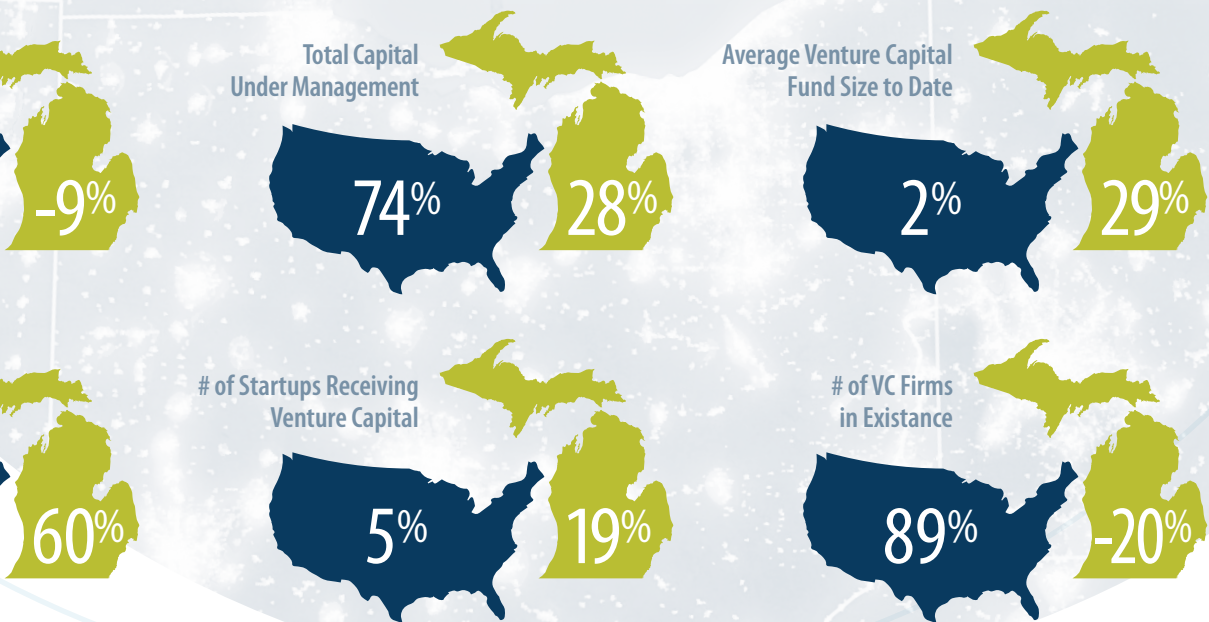
## MICHIGAN VENTURE CAPITAL STATISTICS<sup>2</sup>

	2015	2016	2017	2018	2019	2020
Number of VC Firms in Existence	25	25	21	20	20	20
Total Capital Under Management (\$B)	\$2.2	\$2.4	\$2.2	\$2.2	\$2.7	\$2.8
Average Venture Capital Under Management per Firm (\$M)	\$88	\$96	\$103	\$110	\$133	\$141
Average Venture Capital Fund Size (\$M)	\$45	\$50	\$50	\$48	\$60	\$58
# of Startups Receiving Venture Capital	74	54	68	61	70	88
Venture Capital Investment (\$M)	\$282	\$222	\$179	\$385	\$514	\$257

<sup>2</sup>Venture Capital Firms Headquartered in Michigan

## FIVE YEAR TRENDS

● National ● Michigan



# About Michigan Venture Capital Association

## MVCA OVERVIEW

The MVCA Board of Directors and staff are dedicated to expanding opportunities for the growth of Michigan’s entrepreneurial and investment community through these programs, services, and publications:



## ADVOCACY

Core to MVCA's mission is serving as the statewide voice for Michigan's growing entrepreneurial and investment community. In this position, the organization provides both education and advocacy to key stakeholders regarding entrepreneurial investment opportunities, challenges, and successes in Michigan. Through communication with these stakeholders, including legislators, the media, and the general public, MVCA is committed to advancing policies that foster entrepreneurial activity and investment across the state of Michigan.



## EVENTS

MVCA facilitates the development of a strong network within the Michigan entrepreneurial and investment community and builds connections with out-of-state angel and venture investors through targeted virtual and in-person networking opportunities, meetings, and events. The MVCA Annual Awards Dinner is one opportunity to gather and recognize the achievements of colleagues and create greater opportunities for connection. Additionally, MVCA facilitates success within the venture community by providing educational opportunities informally and formally to new and experienced industry professionals.



## RESEARCH

MVCA analyzes venture activity by geography, sector, stage, size, and other attributes to facilitate challenges and opportunities in the ecosystem primarily through distribution of an annual research report. This report provides a comprehensive summary of venture capital investment activities across Michigan. MVCA works with the National Venture Capital Association, Pitchbook, the U.S. Census Bureau, and the Angel Capital Association to provide information about Michigan's entrepreneurial and investment activities relative to national trends. The annual research report is the critical source of quantitative information used to unite the Michigan entrepreneurial and investment community in driving initiatives that encourage growth in the state.



## OUTREACH

MVCA broadens the reach of Michigan's entrepreneurial and investment community by building relationships and educating national partners on opportunities and trends in Michigan. MVCA fosters the development of networking opportunities with stakeholders at the state and national level to enhance connections and relationships for all of its members.



## PROGRAMS

MVCA provides program development assistance to Michigan's entrepreneurial and economic support organizations on matters targeting Michigan's talent and capital gaps. In this role, MVCA collaborates with organizations by facilitating research, providing direction, and assembling feedback within the proposed programs' scope. MVCA's aim is to help shape the ultimate goals and desired outcomes of these programs so that they best suit the identified needs of Michigan's entrepreneurial and investment community.





# 2020 MVCA SERVICE PROVIDER MEMBERSHIP

## WHO DO YOU HAVE ACCESS TO?

Nowhere else will you find it easier to access early-stage investors who do business in Michigan. MVCA represents:



All active venture firms in Michigan, as well as out-of-state venture firms who do business in Michigan, representing over 150 venture capital investment professionals



Corporate Venture Funds



All active angel groups in Michigan and one in Canada, representing over 300 angel investment professionals



Fund-of-Funds, Foundations, and other Institutional Investors



Economic Development Organizations and University Partners

## HERE'S WHAT YOU GET

As a valued service provider in the industry, you are eligible to have up to four employees registered as part of your MVCA Service Provider Membership. There are four membership packages to choose from, but if you really want to support the industry, we recommend you talk to us about going Platinum! This \$20,000 membership is available to ONLY ONE service provider who then becomes the presenting sponsor at the MVCA Annual Awards Dinner.

If you are interested in joining MVCA, please contact Ara Topouzian, Executive Director at [Ara@MichiganVCA.org](mailto:Ara@MichiganVCA.org).

## Advising at the Intersection of Innovation & Law

Frost Brown Todd's Venture Capital team is honored to support entrepreneurs and investors through the Michigan Venture Capital Association.

We represent emerging technology, tech-enabled and life science companies at all stages of development, and the investors that fund them. As trusted advisors, our venture capital attorneys act as liaisons between clients and Frost Brown Todd's broader team of attorneys focused in distinct areas of the law.



[frostbrowntodd.com](http://frostbrowntodd.com)  
Ann Arbor | 734.669.1450

## Well Ventured



**Terrence J.L. Reeves**  
Ann Arbor  
[treeves@fbtlaw.com](mailto:treeves@fbtlaw.com)



**Brittany L. Bradshaw**  
Ann Arbor  
[bbradshaw@fbtlaw.com](mailto:bbradshaw@fbtlaw.com)

**William G. Strench** | Louisville, KY

**Ann E.L. Wood** | Louisville, KY

**Nathan Harris** | Nashville, TN

**Abraham J. Williamson** | Nashville, TN

**Edward W. Moore, Jr.** | Dallas, TX

**Patricia M. Plavko** | West Chester, OH



Beringea salutes our colleague, MVCA  
Chairman Michael Gross, and all of our  
peers who dedicate their time and talents  
to ensure the success of the  
Michigan Venture Capital Association



**BERINGEA**

*A transatlantic venture capital firm supporting  
rapidly growing companies*

beringea.com  
Detroit | London (UK)



## FROM MAKING THE DEAL, TO MAKING IT REAL, WE'VE GOT YOU COVERED!

Entrepreneurs, start-ups, and growing businesses in the high technology sector trust our experienced team when they need help with formation, development and funding, intellectual property protection, equity incentive alternatives, complex business transactions, and more.

**BIOINFORMATICS • CLOUD COMPUTING  
AUTOMOTIVE TECHNOLOGY • MEDICAL DEVICES**

Wherever you are in your business lifecycle, there is nothing more important than having the right team by your side to strategically guide you through important decisions and the inevitable disruptions to your business operations – now and into the future.



**SARA KRUSE**

skruse@jaffelaw.com  
248.727.1418



**JYOTSNA BALAKRISHNAN**

jbalakrishnan@jaffelaw.com  
248.727.1420





**#1 law firm globally**  
for venture-backed companies and VCs  
(PitchBook)

**\$9B+**

venture financings  
and exits handled  
by our Ann Arbor  
team

**#1**

law firm in the  
United States for  
venture deals  
(PitchBook)

**#1**

largest  
venture-backed  
start up acquisition  
in Michigan history

**300+**

venture financings  
and exits handled  
by our Ann Arbor  
team

Our Ann Arbor office is helping grow  
Michigan as a venture hub:  
[WWW.GUNDER.COM/MIDWEST](http://WWW.GUNDER.COM/MIDWEST)

SILICON VALLEY   ANN ARBOR   BEIJING   BOSTON   LOS ANGELES   NEW YORK   SAN DIEGO   SAN FRANCISCO   SINGAPORE

**MGCS** | **MIDWEST**  
GROWTH CAPITAL SYMPOSIUM

**PREMIER VENTURE  
CAPITAL EVENT**

PROUD TO SUPPORT MICHIGAN'S  
ENTREPRENEURIAL COMMUNITY

**GET CONNECTED | May 2021**

**CELEBRATING 40 YEARS OF MGCS**

*Presented by the University of Michigan  
Ross School of Business with support from  
the Michigan Venture Capital Association*

**MidwestGCS.com**



**MVCA**  
MICHIGAN VENTURE  
CAPITAL ASSOCIATION



**entrypoint**

Research was conducted and  
developed by Entrypoint, LLC.