2021 ANNUAL RESEARCH REPORT

MVCA
MICHIGAN VENTURE CAPITAL ASSOCIATION
2021 ANNUAL RESEARCH REPORT
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,

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
Shaping the Future of Mobility.

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

MICHIGAN VENTURE CAPITAL ASSOCIATION

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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.
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2021 MVCA Board of Directors and Staff

**Executive Committee**

**CHAIRMAN**
Michael Gross
BERINGEA

**VICE CHAIRMAN**
Jeff Rinvelt
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Doug Neal
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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
Venture Capital Firms from Outside of Michigan have Invested in Michigan-based Startups.

- **23 Venture Capital Firms**
- **81 Venture Capital Professionals**
- **555 Venture Firms from Outside of Michigan** have Invested in Michigan-based Startups
- **$3.7B Total Capital Under Management**
- **$49.5M Angel Capital Invested** in 102 Michigan Startups in 2020
- **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**
- **1,053 Angel Investors**

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

- 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.

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*Data not available for 2016*
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.

- 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 Solutions
- MySwimPro
- Navv Systems
- Nerd Bunny I
- Nickels
- Onboard
- Passage
- Floria
- 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
- Aalysa Bio
- Avidi
- Blue Willow Biologics
- Calcium Solutions
- Delphinus Medical Technologies
- Epsilon Imaging
- Esperovax
- Espervita
- Functional Fluidics
- Genomenon
- GreenMark Biomedical
- HistoSonics
- Life Magnetics
- LynxRx
- 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
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 manufacturers 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.

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.
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.
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.¹
- 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.³
- 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.⁴

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

*If an individual falls into multiple categories the total may be greater than 100%.
Source: 1The Society Pages 2United States Census Bureau 3Fortune 4Gallup 5NVCA-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
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.

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.

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

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

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

- Idea / Pre-Seed: 11%
- Seed: 6%
- Startup / Early: 17%
- Growth / Expansion: 1%
- Mezzanine: 11%

Capital Invested by All Venture Firms in Michigan
BY STAGE

- 65%
Sector Diversification Analysis
BY DOLLARS INVESTED

Capital Invested by All Venture Firms in Michigan
BY SECTOR

33% Information Technology
7% Alternative Energy
5% Media
5% Advanced Materials & Manufacturing
7% Business Services
4% Consumer Products
4% Mobility
1% Other
1% Other

Information Technology Diversification
BY SECTOR

71% Software
14% Services
3% Hardware

Life Science / Healthcare Diversification
BY SECTOR

17% Pharmaceuticals
12% Health Care Services
4% Biotechnology
9% Diagnostics
20% Other
20% Other

BY SECTOR

40% Information Technology
33% Life Science / Healthcare
4% Alternative Energy
5% Media
5% Advanced Materials & Manufacturing
7% Business Services
4% Consumer Products
4% Mobility
1% Other
1% Other

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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

- 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

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<th>Source</th>
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<td>Individuals/Small Family Offices</td>
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<tr>
<td>Large Family Offices</td>
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<td>Fund of Funds</td>
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<td>Large Corporations</td>
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<td>Pension Funds</td>
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<td>Charitable Foundations</td>
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<td>Economic Development Organizations / Funding Programs</td>
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<tr>
<td>Other</td>
<td>3</td>
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"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 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’s Role in the National Landscape

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 lead 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
### NATIONAL VENTURE CAPITAL STATISTICS\(^1\)

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

Source: \(^1\) NVCA 2020 Yearbook, data provided by PitchBook

### MICHIGAN VENTURE CAPITAL STATISTICS\(^2\)

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</thead>
<tbody>
<tr>
<td>Number of VC Firms in Existence</td>
<td>25</td>
<td>25</td>
<td>21</td>
<td>20</td>
<td>20</td>
<td>20</td>
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<tr>
<td>Total Capital Under Management ($B)</td>
<td>$2.2</td>
<td>$2.4</td>
<td>$2.2</td>
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<td>$2.7</td>
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<tr>
<td>Average Venture Capital Under Management per Firm ($M)</td>
<td>$88</td>
<td>$96</td>
<td>$103</td>
<td>$110</td>
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<td>$141</td>
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<tr>
<td>Average Venture Capital Fund Size ($M)</td>
<td>$45</td>
<td>$50</td>
<td>$50</td>
<td>$48</td>
<td>$60</td>
<td>$58</td>
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<tr>
<td># of Startups Receiving Venture Capital</td>
<td>74</td>
<td>54</td>
<td>68</td>
<td>61</td>
<td>70</td>
<td>88</td>
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<tr>
<td>Venture Capital Investment ($M)</td>
<td>$282</td>
<td>$222</td>
<td>$179</td>
<td>$385</td>
<td>$514</td>
<td>$257</td>
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</table>

\(^2\)Venture Capital Firms Headquartered in Michigan

### FIVE YEAR TRENDS

- **Total Capital Under Management**
  - National: -9%
  - Michigan: 74%

- **Average Venture Capital Fund Size to Date**
  - National: 28%
  - Michigan: 2%

- **# of Startups Receiving Venture Capital**
  - National: 60%
  - Michigan: 5%

- **# of VC Firms in Existence**
  - National: 89%
  - Michigan: 19%

- **# of VC Firms in Existence**
  - National: 89%
  - Michigan: -20%
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.
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

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.
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

**JYOTNSA BALAKRISHNAN**  
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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

PREMIER VENTURE CAPITAL EVENT

PROUD TO SUPPORT MICHIGAN’S ENTREPRENEURIAL COMMUNITY

GET CONNECTED | May 2021

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

MidwestGCS.com