

Michigan Angel Activity



Welcome

This is the third **Michigan Angel Community Annual Research Report**. The Michigan Angel Community represents and serves all of Michigan's angel investors and groups, and is an initiative designed to help strengthen and accelerate entrepreneurial investment in the state. Michigan has a proud tradition of entrepreneurship, and the Michigan Angel Community ("MAC" or "Community") intends to support its continued revival.

This Report would not be possible without support and funding from the William Davidson Foundation. We would also like to thank all the angels and entrepreneurs that participated in this study and helped in producing this report.

The goal of this research is to uncover important metrics and trends in Michigan's angel investment market and community. It is intended to provide a foundation off which the Community can further collaborate, grow, and together achieve greater success as investors and contributors to Michigan's economic prosperity. Data was collected in the first months of 2020 through surveys sent out to angels and entrepreneurs.

AMONG THE KEY 2019 METRICS COMPILED WERE:

- Total angel investment in Michigan in 2019
- Number of companies receiving investment
- Investments by sector and geography
- Number of angels investing
- Angels by group
- Investments by type

It should be noted that this report only reflects investments in Michigan technology companies, and does not include investment in other traditional, non-tech sectors like real estate, retail, professional services, or restaurants.



Summary of findings

HERE IS A SUMMARY VIEW OF THE STUDY FINDINGS:

\$73.6M

angel dollars invested

1,322 # of angels investing

958 # of jobs at investee companies

\$226.6M total dollars invested

\$50K 106 median \$'s invested per angel

companies

23 WOMAN

24 MINORITY OWNED

The following pages provide a more detailed picture of 2019 angel investment in Michigan.



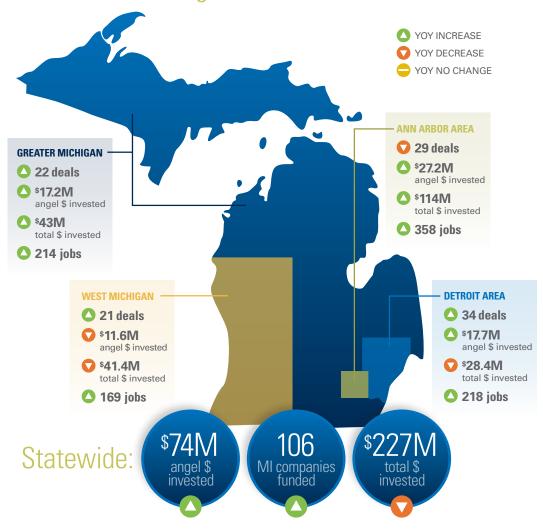








There was a good distribution of angel deals and dollars throughout the state



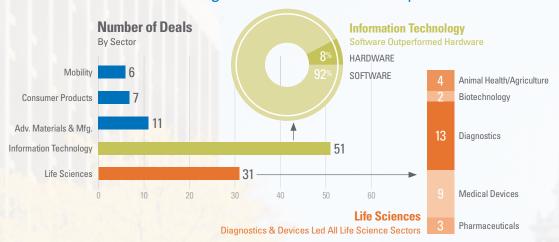




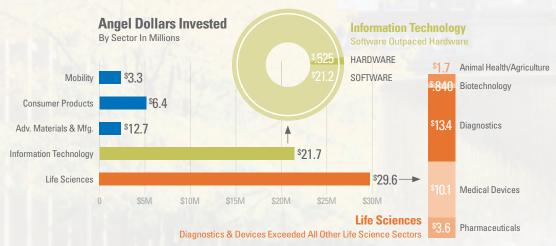




IT led all **sectors** with angel investments in 51 companies



However, life science surpassed IT in angel dollars invested



COMPANIES THAT RECEIVED ANGEL FUNDING IN 2019



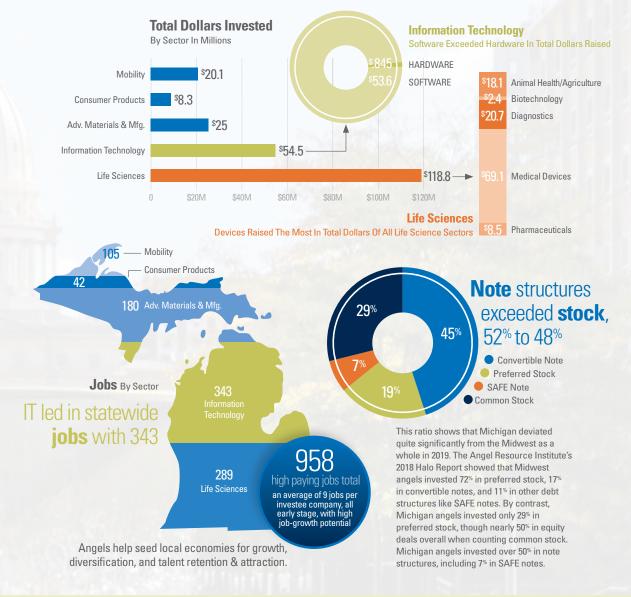








Life science also exceeded IT in **total dollars** invested













SUCCESS

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Brandon McNaughton, PhD CHIEF EXECUTIVE OFFICER AND CO-FOUNDER

Akadeum Life Sciences, has developed a next generation platform that solves long-standing problems in sample preparation for biological and chemical testing. In particular, the company has a proprietary microbubble-based separation technology that simplifies existing protocols and makes new processes possible while delivering +10x higher process volume, 2x higher throughput, and 100x more gentle isolation forces. The market growth for separation technologies continues to be

strong at over 20 % in markets like cell separation and also they are critical components in new markets like CART-CellTherapy—where a patient's immune system is used to successfully treat their cancer.

Akadeum has recently launched several research use only (RUO) products for isolating cells that require no regulatory clearances and, in parallel, the company is pursuing corporate partnerships for applications in diagnostics, cell therapy, and bioprocessing. Akadeum has leveraged its best-in-industry digital marketing to gain repeat biotech and academic users in addition to a partnership with Agilent Technologies, Inc. (NYSE: A) that was recently announced. The company's microbubble technology was also previously recognized as best new technology at the CYTO Conference (one of the top conferences in the industry). With proceeds from the Series A financing, Akadeum is making key commercial hires, securing additional partnerships, launching products, and scaling up manufacturing. Akadeum's headquarters are based in Ann Arbor.



stories

KUHMUTE is a mix between ChargePoint EV chargers and Tesla Superchargers, but for anything smaller than a car. Modular like Legos, it can daisy-chain charging hubs together to fit any parking need. It specifically targets shared and personally owned micromobility and can charge any e-scooter, e-bike, e-skateboard or autonomous delivery robot - as long as they have a KUHMUTE vehicle adapter. The KUHMUTE hub is the only multimodal hub for micromobility. This unique positioning allows it to help further initiatives to become part of any leading smart city in sustainable transportation and industry leading last mile logistics.

Peter Deppe

Born and raised in Flint, MI, KUHMUTE's hubs are proudly made there, and are built to last. Its mission is to be the universal charging infrastructure for micromobility. KUHMUTE is live in Flint, MI and Jersey City, NJ with about 10 more cities on the way for 2020.

Recent Kettering grads, Peter Deppe and Scott Spitler, have raised a total of almost \$700k from Comeback Capital and Right Side Capital Management, local Flint Angel, Phil Shaltz, and from pitch competitions and grants won all in 2019. Be on the lookout for a possible raise in Winter 2020 or in Spring 2021.



Scott Spitler

KUHMUTE

SUCCESS

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Katie Horvath

Naveego provides a cloud native data integration platform with built in data accuracy, data quality and governance. They opened 2019 with a freshly launched redesigned platform that enables big data and direct sales, and a strategy of diversification into several industry sectors. The Naveego software is used now in financial services, manufacturing, insurance, healthcare and logistics. They achieved new partnerships with Oracle, Cloudera, Sisense, iDashboards, Mondelio, Narwal, and H2. In 2019 Naveego had the only woman

CEO in big data in North America. They grew annual recurring revenue to over half a million.

The team grew 5X, creating new jobs in software development, solutions engineering, product and sales. Naveego successfully recruited intern tech talent from the University of Michigan, Michigan State University, Michigan Tech University, Grand Valley State University, University of Washington, University of Virginia, University of North Carolina, Carnegie Mellon, Case Western, University of Wisconsin, Rochester Institute of Technology, Georgia Tech, Florida State University and University of New Mexico, averaging 800 applicants per job posting for software engineers. The company had to move to a larger office location Traverse City.

Naveego successfully raised \$3M in two seed rounds during 2019. It has expanded its investor group to include several Michigan based angel groups and individuals.



stories

Pathware's mission is to make point-of-care pathology a reality. Its flagship product, Bioptic™, is a portable cytology imaging platform that generates a 3D image of biopsy samples in less than a minute. In combination with its PhaseStain technology, it is able to digitally stain a sample across multiple chemical stains without ever having to handle or alter the sample. Today, its focus is to improve the efficiency and quality of the Rapid Onsite Evaluation protocol for fine-needle aspirates. However, this will open the door to create the future of the distributed pathology workflow by integrating telepathology and Al decision support to decrease diagnostic turnaround time, improve clinical decision making extend the reach of a pathologist to every hospital and clinic in the works.



Michael Moore
CO-FOUNDER & CHIEF
EXECUTIVE OFFICER

In 2017, Michael Moore decided to leave medical school at Michigan Medicine to address the challenges that he experienced during his medical training. This is when Pathware was founded, and the team has continued to experience growth and success since that time. In 2019, the Pathware team grew from four to eight full-time employees and proved the feasibility of the core imaging technology. All of this was made possible by a \$2.8M investment led by UnityPoint Health, an lowa-based health system, and angel groups from across the country. The company was also recognized as the best health technology company at South by Southwest. Pathware has since closed \$2.5M in additional financing to complete the design and development of its medical device for clearance by the FDA in 2021. The team of physicians, engineers, and industry veterans has a clear path ahead of them to commercialize their technology in 2021 to shape the future of digital pathology.

pathware



There were **1,322 angels** that invested in Michigan companies in 2019!

As we continue to research the Michigan angel market over the next several years, we intend to learn more about the members of the Michigan Angel Community, including our geographic and demographic distribution and our investment profiles. In the meantime, we are at least familiar with the most publicly well-known angel groups in the state and their respective membership numbers, as seen below. There were 4 new angel groups formed in 2019 – the Birmingham Angels, Flint Angels, Pointe Angels, and Woodward Angels. And total membership among Michigan angel groups expanded to 515, up from 388 in 2018!

ANGEL GROUPS	# IN GROUP
Ann Arbor Angels	17
Belle Michigan	57
Birmingham Angels	13
Blue Water Angels	44
Capital Community	16
Grand Angels	51
Innovation Shore Angels	20
Ka-Zoo Angels	15
Michigan Angel Fund	120
Muskegon Angels	25
Northern Michigan Angels	43
Pointe Angels	65
Woodward Angles	19
TOTALS	515





COMPANIES THAT DECEIVED ANGEL CHAINING IN 2010.











We're seeing consistent increases in angel activity in Michigan since this report began in 2017. And we look forward to seeing this trend continue in 2021 and beyond!



Please reach out to us directly if you're a member of this great Community, so we can learn more about you, as well as add you to our mailing list and include your information in the future (at your discretion). You can find more information on our website: MichiganAngels.org.

You can also contact Mike Flanagan directly, who was the Principal Researcher of this Annual Report, and a Vice President at SPARK: mike@annarborusa.org or call 734.679.6370. Thank you!











Methodology

This study aimed to capture as much data on the relevant metrics as possible. To do that, we surveyed angel groups, individual angels investing independently, as well as companies. There were three different surveys, one for individual investors, one for angel groups, and one for companies. The surveys made requests for the following data:

INDIVIDUAL INVESTOR SURVEY

- Company name
- Month of investment
- Investment type
- Exit details (if any)
- New or follow-on investment
- Whether through an angel group or not

ANGEL GROUP SURVEY

- Contact information
- Company name
- Month of investment
- Investment type
- New or follow-on investment

COMPANY SURVEY

- Contact information
- Company name
- Industry
- Total funding received in 2019
- Angel funding received in 2019
- # of angels per locality

- Name of angel group (if any)
- # of angels investing from group (if any)
- Investment amount
- Total round size
- Investment type
- Other angel group affiliations (if any)
- Pre-money valuation
- # from group participating
- Group investment amount
- Total round size
- Exit details (if any)
- Investment type
- New or follow-on investment
- Total # of FTEs
- # of founders and executives identifying as minorities
- Post-money valuation

In addition to our surveys, we accessed Pitchbook, one of the leading private and public capital markets databases, to learn about other investments that didn't surface through the surveys. While this was certainly helpful, Pitchbook's data also relies on companies self-reporting, and so it was likely not inclusive of all actual 2019 investment activity.

One of the primary challenges in conducting this research is in identifying all companies receiving angel investment. This is difficult given the private nature of angel investing. As a result, there is likely more activity than we were able to capture, but we expect to continue to improve each year as awareness of and participation in the study grows.

COMPANIES THAT RECEIVED ANGEL FUNDING IN 2019

















