

**The  
Michigan  
Venture Capital  
Landscape**



**The Good & the Not So Good...**



**Good Things About  
Michigan VC**



## A Maturing Professional Investment Community

**22 Michigan VC Firms**  
(headquartered or with a state presence)

**Petoskey**  
• BioStar Ventures

**Grand Rapids**  
• Bridge Street Capital  
• EDF Ventures  
• Hopen Life Sciences

**Kalamazoo**  
• TGap Ventures  
• SWMF Life Science Fund  
• Apjohn Ventures

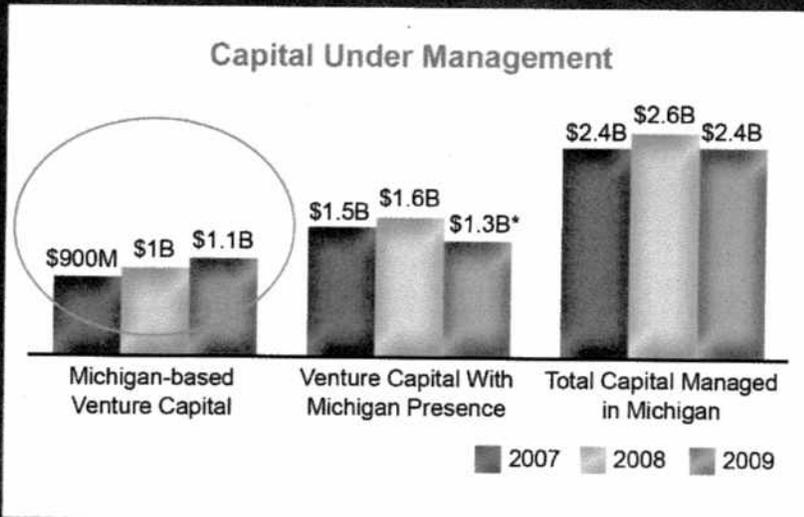
**Ann Arbor**  
• Arbor Partners  
• Arboretum Ventures  
• Chrysalis Ventures  
• Early Stage Partners  
• EDF Ventures  
• Fletcher Spaght  
• North Coast  
• Plymouth Ventures  
• RPM Ventures  
• Venture Investors  
• Wolverine Venture Fund

**Detroit Metro**  
• Beringea  
• Seneca Partners  
• Triathlon Ventures  
• Oracle Capital  
• Nth Power

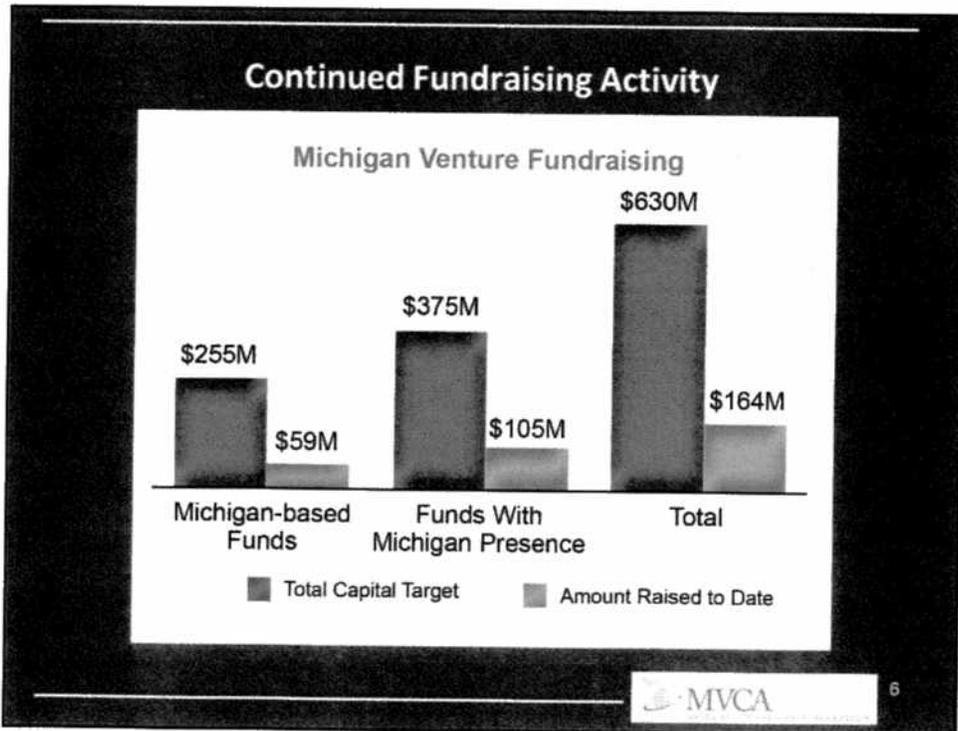
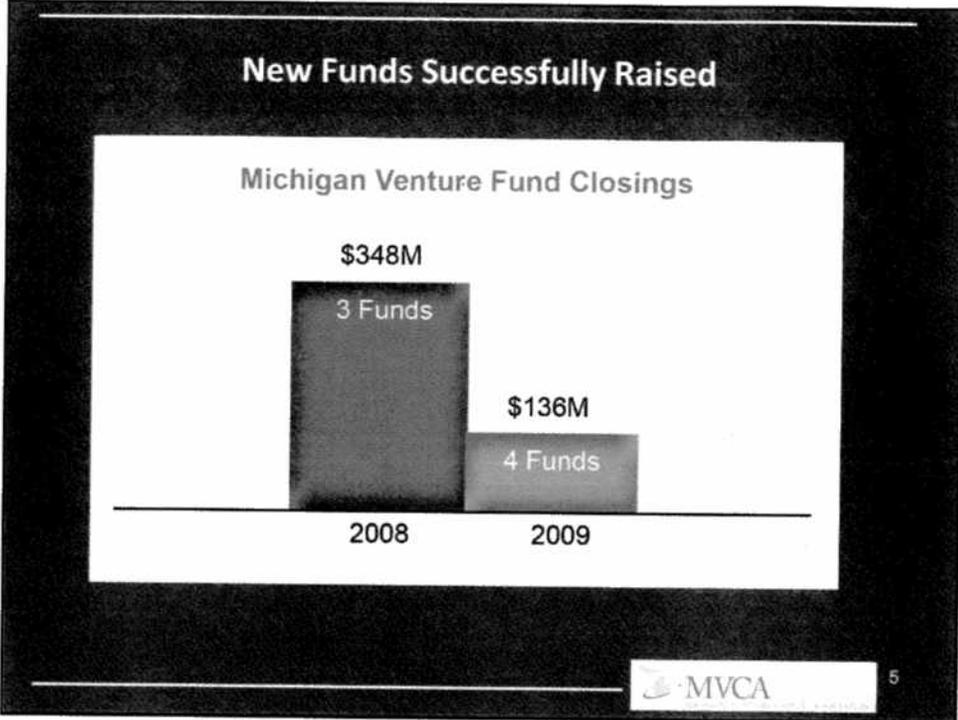


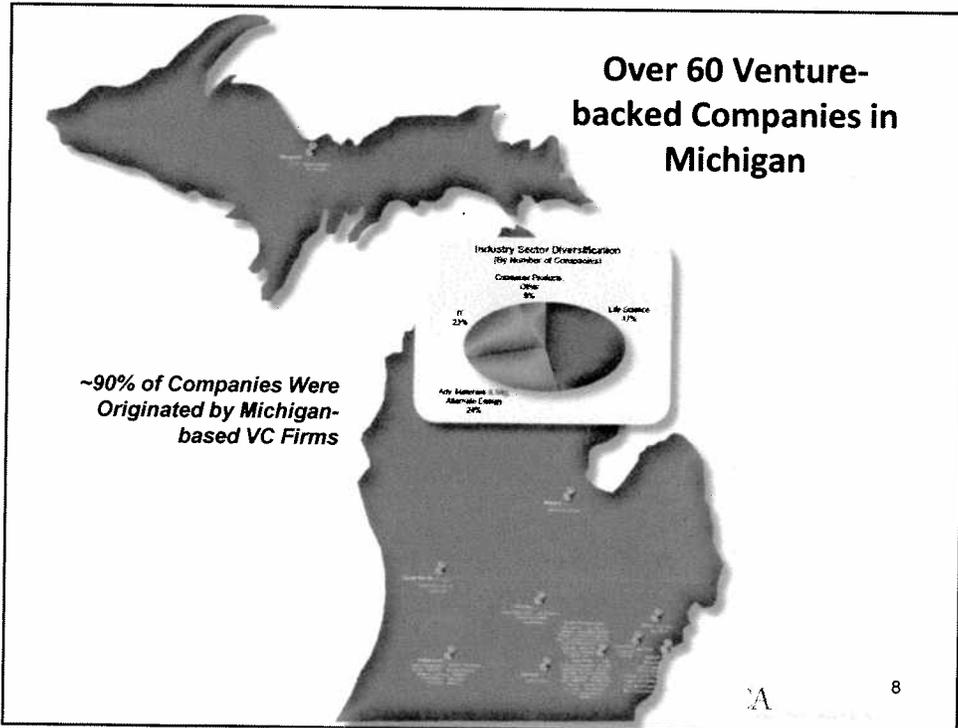
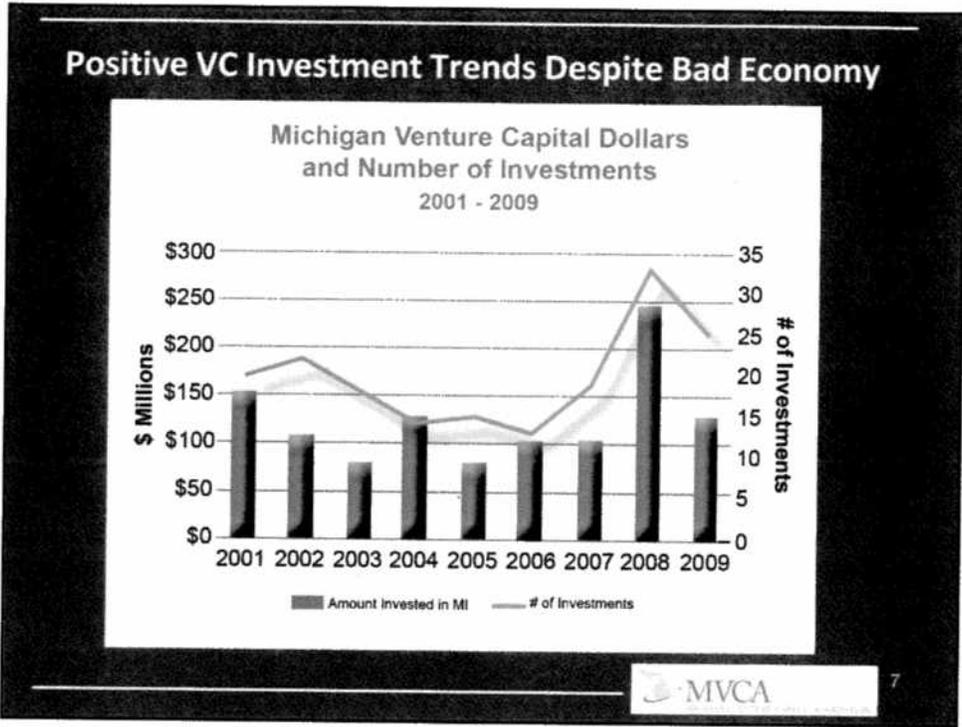
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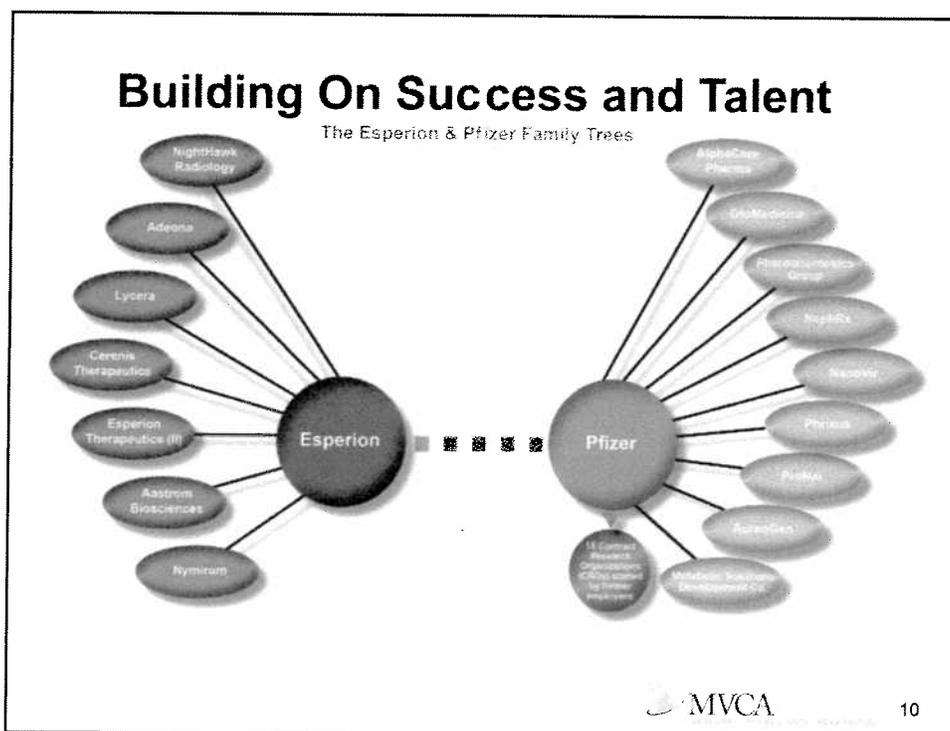
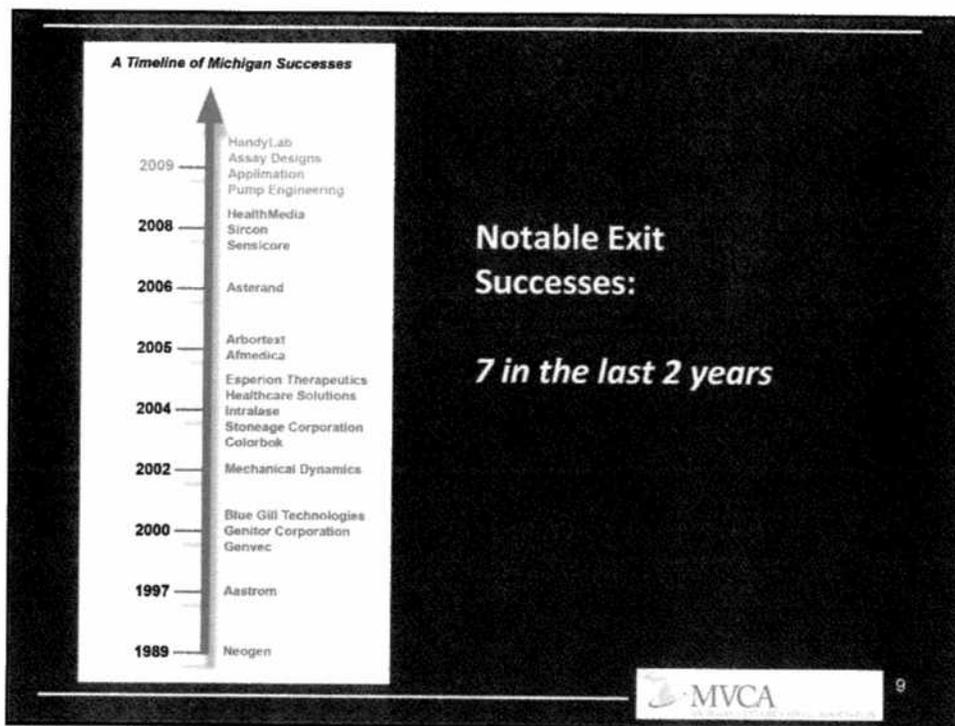
## Steady Growth in Capital Under Management in MI

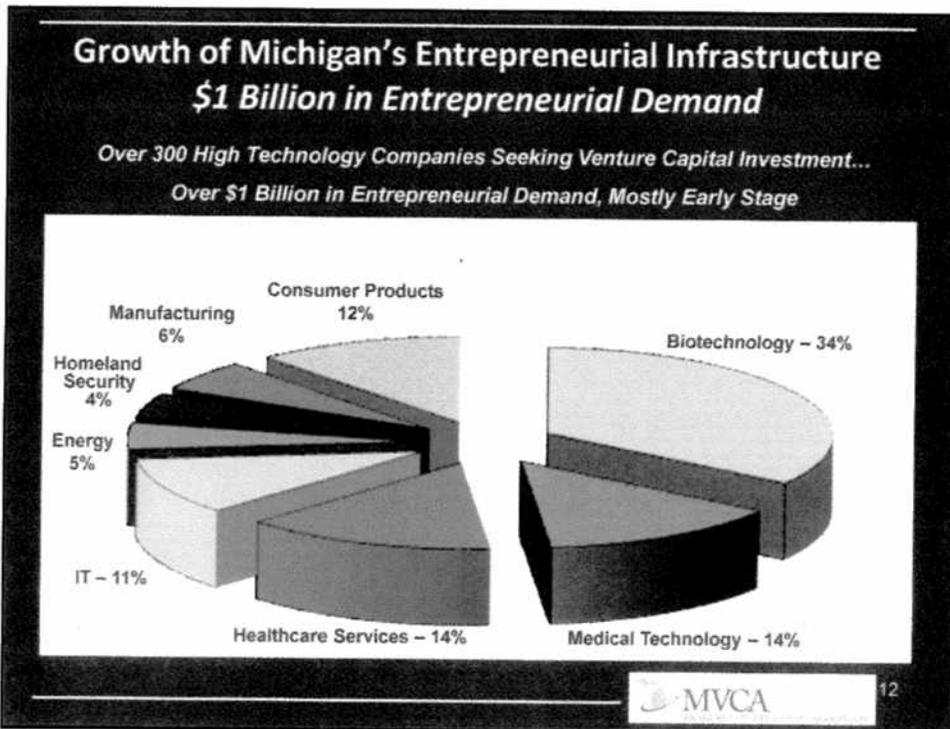
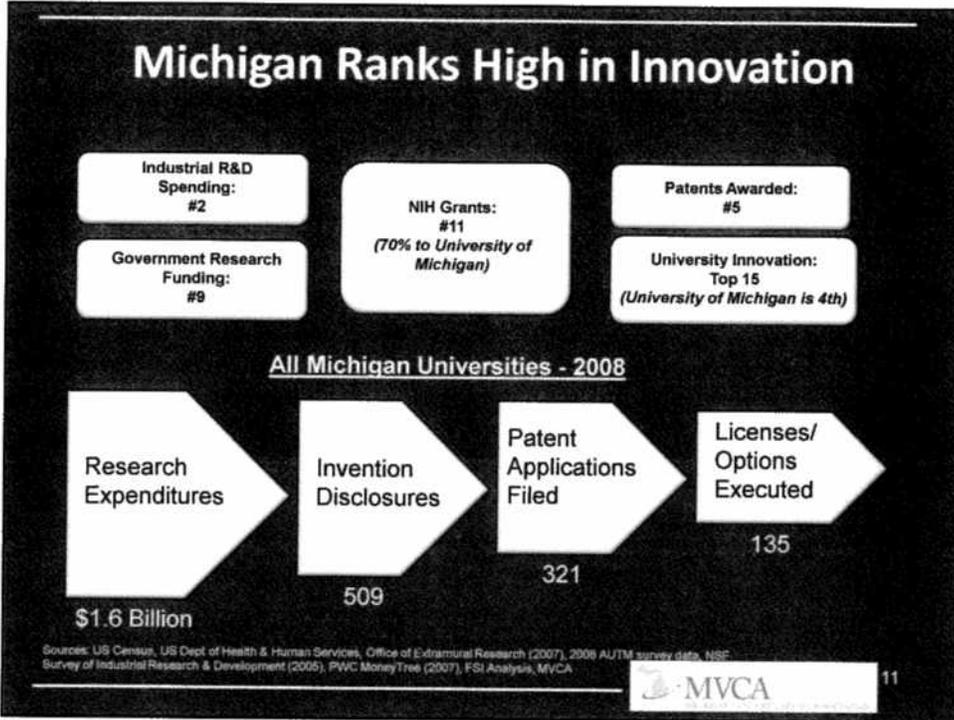


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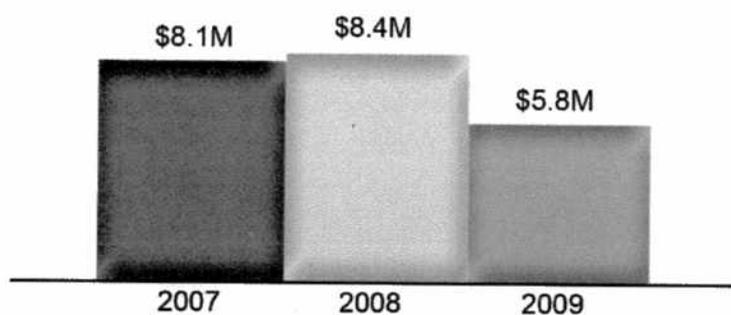






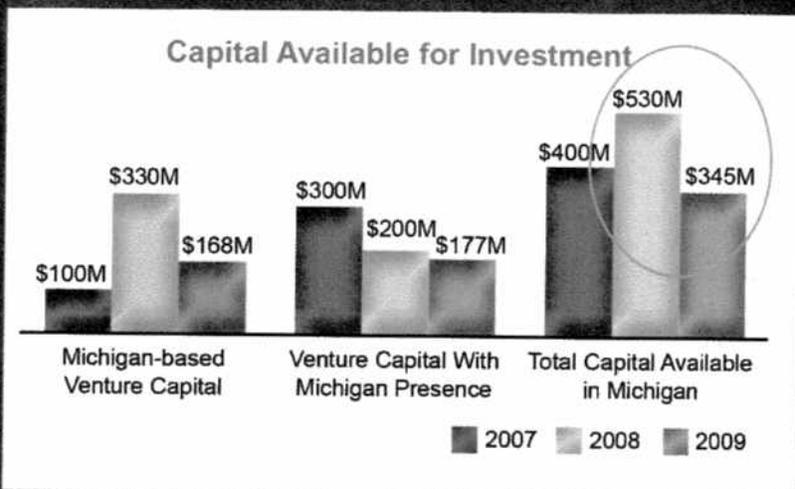
### Capital Being Put to Work Earlier in Capital Continuum

#### Angel and Pre-Seed Investments in Michigan



### The *Not So Good* Things About Michigan VC

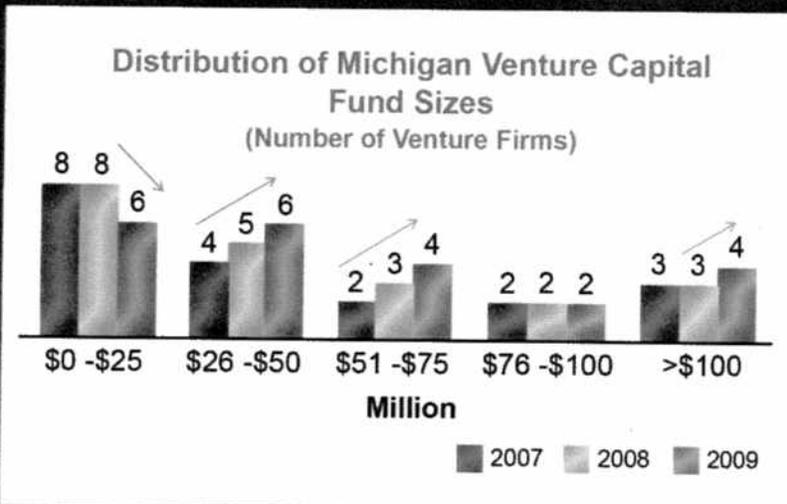
### Available Capital for New Investment Down 35%



MVCA

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### Michigan-based Fund Sizes Must Increase \$39M vs. \$106M National Average



MVCA

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## VC in Michigan Is Still Small... Need More Capital to Grow Exciting Deal Pipeline

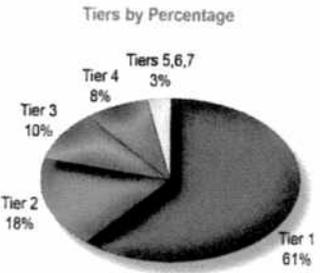
National				Michigan*			
	2009	2008	2007	2009	2008	2007	
No. of VC Firms in Existence	794	882	741	16	15	15	
No. of Investment Professionals	8,828	7,497	8,890	44	43	40	
Total Capital Under Management	\$179B	\$197B	\$258M	\$1.1B	\$1B	\$900M	
Avg. Venture Capital Under Management by Firm	\$226M	\$224M	\$347M	\$76M	\$73M	\$69M	
Venture Capital Funds Raised	\$15B	\$28B	\$40B	\$160M	\$173M	\$0	
<b>Avg. Venture Capital Fund Size</b>	<b>\$106M</b>	<b>\$144M</b>	<b>\$162M</b>	<b>\$39M</b>	<b>\$38M</b>	<b>\$40M</b>	

Source: NVCA  
\*Data represents venture firms headquartered in Michigan



## Future Goal... Increase Michigan VC Investments to \$500M/year

	Tier 1 \$1 Billion +	Tier 2 \$500M-\$1B	Tier 3 \$250M-\$500M	Tier 4 \$100M-\$250M
YoY	-9%	7%	0%	3%
	California Massachusetts	New York Texas Washington New Jersey Colorado	Pennsylvania Georgia Florida North Carolina Maryland Minnesota	Virginia Illinois Utah Connecticut Indiana <b>Michigan</b> Arizona Ohio Oregon



MI Goal:  
Tier 2  
Vibrant VC

MI Rank  
#19



## Michigan Venture Capital: Our Engine for New Economy Jobs



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## Michigan Job Creation

### > 3,000 Direct Jobs Created Since 1998

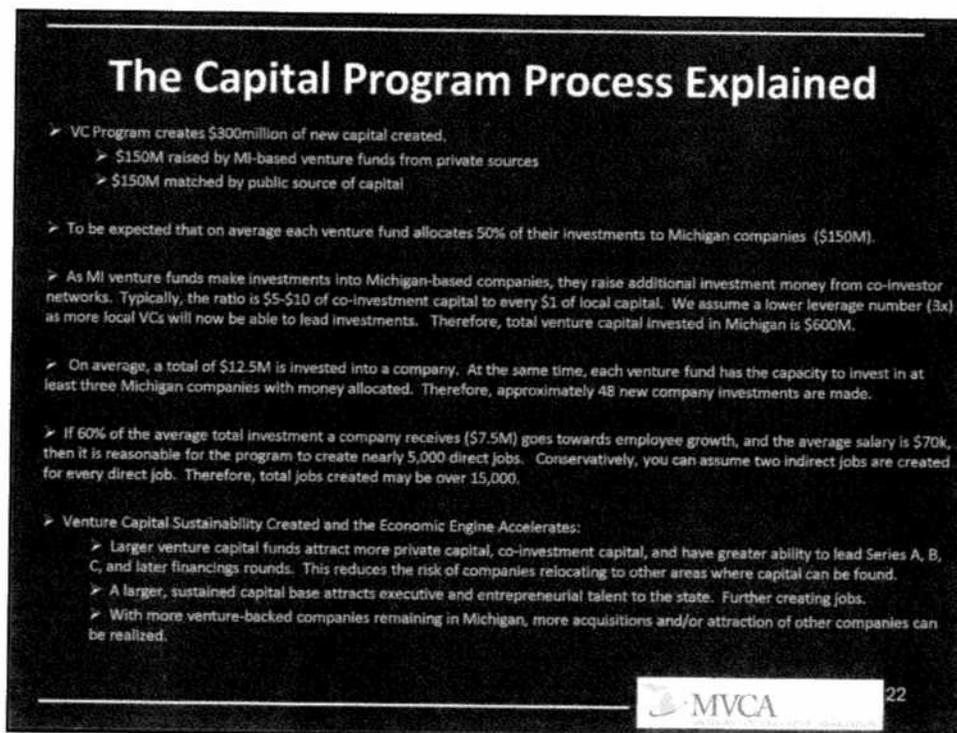
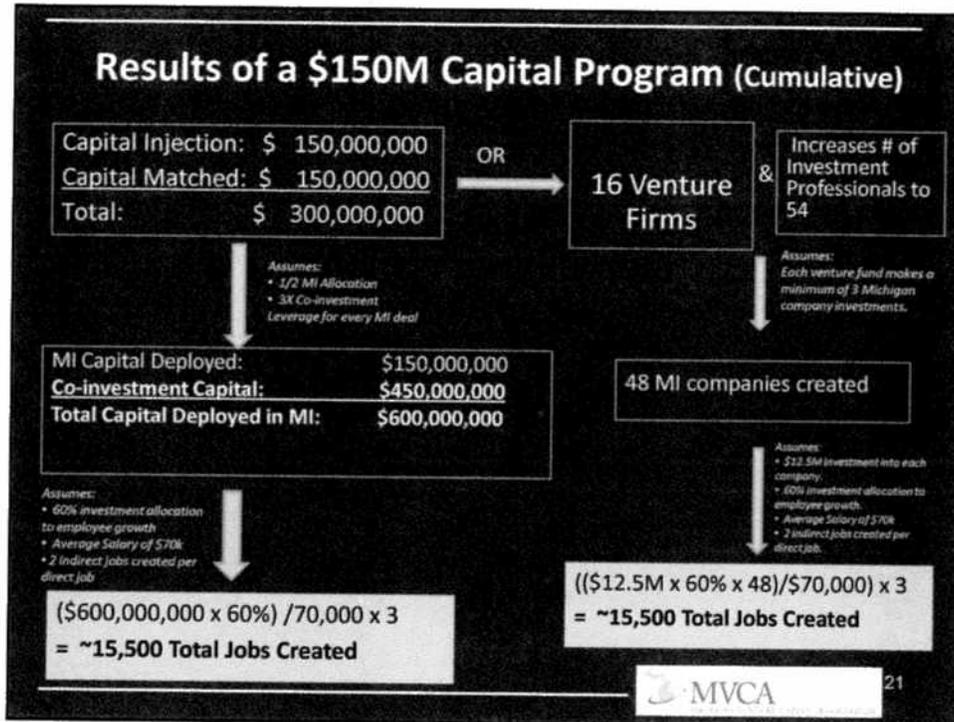
Could have been more if more capital was available and companies didn't leave state to find capital.

### > 900 Jobs Created

At > 60 of Michigan's current venture capital-backed companies.



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## Another State's Success from VC Program: *Pennsylvania*

### Their Dilemma – Similar to Michigan

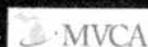
- Pennsylvania suffered severely from the fall of steel and coal.
- Economic failure, severe population loss in many areas, closed-up factories, and much more.
- PA also has rich history of entrepreneurs, such as Andrew Carnegie and Henry Heinz
- Transformed their economy from one of manufacturing to service industries – healthcare, retail, transportation and tourism.

### Their Solution - New PA Capital Investment Program

- Indigenous focus: Capital pool to be invested in PA-based VC funds
  - Primary office in PA; or willing to move office to PA
  - At least one full-time senior partner
- No specific industry sector focus; seeks diversification
- Leverage component by requiring 1:3 match. \$1 from state is matched by \$3 from private investors.
- State prepared to receive adequate return

### Their Results - Statistically Significant

- By 2005, Pennsylvania had created nearly **700,000 jobs** at venture capital-backed companies and **\$113 billion in revenues** from the same companies.
- Pennsylvania has since been ranked in the top ten of states for total venture capital investment (7) and job creation (3).



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## History of Public Support to Ignite the VC & Entrepreneurial Community in Michigan

### **MEDC Team**

- Management of MLSC/MTTC/21<sup>st</sup>CJF Commercial Programs
  - Limited Partners in at least 4 Venture Firms (Apjohn, Arboretum, Seneca, TGap)
  - Co-investors in over 70 companies in Michigan in the fields of life science, advanced material and manufacturing, alternative energy, and IT
  - Venture Upstart Award to MVCA – CEO/EIR Program (8), New Fund Formation (5), and Research Program

### **Michigan Legislators**

- Implementation of 3 Capital Programs
  - Venture Michigan Fund / VMF Board / Credit Suisse
  - 21<sup>st</sup> Century Investment Fund / MSF Board / Credit Suisse
  - Invest Michigan Fund / MSF Board / Credit Suisse / Beringea / Glencoe Capital



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For questions about  
Michigan Venture Capital  
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