



Job Creation Through Capital Donation



# BrightStar WISCONSIN

2016  
ANNUAL  
REPORT



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### our Staff

**THOMAS SHANNON**  
President & CEO

**TODD SOBOTKA**  
Portfolio Manager

**FRED RAASCH**  
Business Manager

March 2017

A Message from our President & CEO



Dear BrightStar Friends:

We are pleased to report that 2016 was another very good year for our foundation. We added five new Wisconsin early stage businesses to our portfolio during the year, bringing the total number of companies that we've invested in our first three years up to 33. That brings the total amount of capital deployed into Wisconsin entrepreneur businesses to over \$5 million.

Early stage "angel" investing is inherently risky. The truth is that the majority of the companies that successfully raise capital will fail. Time will tell on how we do down the road, but as of the end of 2016, all 33 of our companies are unbelievably still in business. History would suggest that a number of these companies won't be successful, and when that happens, we will report to you on lessons learned from both our perspective, and from that of the company's.

BrightStar's mission is to keep the best and brightest in Wisconsin by facilitating job creation and our companies are doing just that. We've posted some preliminary job creation results on page nine of this report. One of our companies just moved to a larger office to accommodate hiring fifty new employees in 2017!

Attracting new individuals, foundations and companies to donate to our foundation is the key to how many entrepreneurs we can help with capital support. We added a number of new donors in 2016 and based on our donor prospect interest pipeline, 2017 should be an even better year. Our assets are increasing and our overhead is low. The money that we receive selling our investment tax credits more than covers all of our expenses. The net effect is that over 100% of donations that we receive go directly into investment.

BrightStar is often asked to help impact the start-up ecosystem in ways other than direct investments, and this year we made the decision to bring our cumulative organization's knowledge, resources and experience to the table in other limited ways. One such example this past year was the support we provided a TV show called [PROJECT PITCH IT](#) that you may have seen on your local television station. Another initiative is called "[HATCH](#)" which was created to foster community-based innovation and startup activities. You'll find more details on both projects on page nine.

Finally, on a sad note, we wanted to acknowledge the passing of Albert "Ab" Nicholas. He was a firm believer in BrightStar's mission and will be dearly missed by all that knew him. A nicer, more accomplished man who loved Wisconsin may never exist.

From all of us involved in the BrightStar experience, best wishes for 2017.

Best Regards,

Tom Shannon  
President & CEO

## Background

[BrightStar Wisconsin Foundation](#), Inc. (BSW) accepts donations as a 501(c)(3) charitable organization and uses those funds to take equity positions in for-profit early-stage companies. We work with government, educational institutions, other charitable organizations, angel groups and venture funds to identify, invest and promote fast growing early-stage companies to create technology based jobs in Wisconsin.

Through BrightStar, Wisconsinites who care about job growth and the economic vitality of our state can now donate and combine their forces to get the job done. As a founder of BSW, Tom Shannon is the foundation's head of day-to-day operations as its uncompensated President and CEO. He has been involved with early-stage companies for over a decade. The Foundation's seven other co-founders have all built businesses themselves and have accounted for BSW's initial capitalization.

This experienced Founders group along with our investment committee has seen hundreds of deals, invested in dozens of early-stage companies and know what it takes to get these high growth companies moving. Returns on the Foundation's investments in successful companies will be reinvested in additional early stage Wisconsin companies, and by doing so, we leverage our original donations to create a perpetual job growth engine.

## BrightStar Celebrates Third Anniversary

In July we celebrated the third anniversary of the filing of our articles of incorporation for BrightStar Wisconsin Foundation. [Tom Shannon](#) sent out an email to our friends and donors thanking them for their encouragement and support. He reminded them that we are motivated in assisting Wisconsin by creating jobs via angel investing, and that our portfolio continues to build at a steady rate.

In addition to his own financial obligation as a founding donor, Tom also committed to stay on as President & CEO for at least two more years and retain his position as a permanent member of the board. With the expectation of a few successful exits by then, BrightStar should be financially self-sustaining. At that time, the board will decide if a part time executive director is needed or if the current small staff can carry on running the foundation with direct reporting to the board.

## BrightStar supports Small Business Innovation Act

BrightStar had been watching for Senator Tammy Baldwin's Small Business Innovation Act to be introduced after we first heard of her keen interest in the technology sector during a meeting at the Medical College of Wisconsin a few years ago. BrightStar weighed in by publically supporting the initiative because it had all of the necessary ingredients to create high paying intellectual property laden jobs except for enough funding to bring these ideas to commercialization. Research has shown that this sector has extremely fast job growth and that there are many spin off jobs created, having a widespread positive effect. When the bill is eventually enacted into law, it should have little or no net cost to the taxpayer, but at the same time still provide a tremendous upside for Wisconsin's economy.

## By The Numbers

Financial Position as of December 31, 2016	
Total Assets:	\$8,019,319.
Cash:	\$347,066.
Total 2016 Expenses:	\$358,903.
Portfolio Investments:	\$4,864,232.

## Patina Solutions to support BrightStar early-stage companies

In May [Patina Solutions](#) agreed to provide free mentoring services to all of BrightStar's portfolio companies. The companies were provided access to Patina's recently launched The Mentor Bank program that provides clients with access to over 300 highly experienced mentors.

They were allowed to select the mentors best suited to their specific needs to guide them to achieve better results. Topics could range from advice on how to deal with a difficult board, to dealing with employee issues, to thoughts on selling into the Chinese market, or overcoming a regulatory hurdle. Getting advice from a mentor who has faced and solved these types of problems before can be invaluable.

"Patina believes in the BrightStar mission of creating jobs in Wisconsin," said Mike Harris, co-founder and CEO of Patina. "I am confident that through this partnership, our talented Patina mentors will help make these innovative area startups even more successful—and that's great for our state. My team and I are very excited about helping BrightStar companies."

## Tom Shannon addresses Milwaukee Rotary Club

The Milwaukee Rotary asked Tom Shannon to be the featured speaker at their weekly meeting at the Milwaukee Art Museum on July 12, 2016. They asked him to give their members an overview on BrightStar's mission, how they operate and the progress that they've made over the first three years.



During the 30 minute presentation Tom covered all of those subjects. He has spoken to groups all around the state promoting BrightStar's mission, so he came well prepared with notes and "show and tell" props.

He went through the process and steps needed to take an idea from proof of concept through a successful launch. The talk was well received and he fielded many great questions from the attendees. You can see the complete [presentation](#) on our website.

## Wisconsin 'Angel' Investors Getting Earlier Starts

The [Milwaukee Journal Sentinel](#) ran an article recently about how the next generation of early stage angel investors is getting started at an earlier age. One of those individuals was our very own Adam Berger. Adam is a BrightStar board member and a partner and vice president of sales at Doering Fleet Management in Milwaukee.

Many of the area's newest angel investors, like Berger, say they started out watching and learning from more established angel investors, many of them BrightStar founding donors.

Berger said, "I'm just trying to get my feet wet, lay the bread crumbs of positive experiences, so I can do this in a big way later in my life." He has made five investments since April 2015, with an eye toward creating a small, diverse portfolio rather than pumping a lot of money into one deal.

"The next generation of business leaders in the community is emerging and they're making their mark by investing in our best and brightest through angel investing," said Joe Kirgues, co-founder of [gener8tor](#), a Wisconsin-based accelerator and training program for start-ups. "Because of the efforts of people like this, we think that Milwaukee is actually ahead of its peers when it comes to the size and capability of its angel community relative to many other communities in the Midwest."

# Our Donors

## Our Venture Philanthropy Model

BrightStar Wisconsin Foundation was fundamentally created to improve job creation and the economic prosperity of Wisconsin. Whether one grows up in Wisconsin, or adopts the state as their home, Wisconsinites care about the great Dairy State. Fortunately, many of us are incredibly philanthropic, donating both money and time...lots of it. Historically, much giving goes appropriately towards our schools and universities. However, BrightStar Wisconsin saw a void to be filled in the job creation space, a natural extension to the education of our students. BrightStar's founders felt that if given a donation vehicle that was singularly dedicated to growing the Wisconsin economy through job creation, Wisconsinites would step up and contribute. And they were right; we continue to receive great support through our growing donor base.

Our model is simple. We accept donations into our 501(c)(3), and then use those funds to make equity investments into early-stage companies that create jobs. Once a company has an exit event, we put the funds back into our Foundation to invest in more companies.



## List Of Donors:

A special Thank You to all of our donors!

Judd S. Alexander Foundation	David Lenz
Mark Bakken	Mancheski Foundation
Brad Binkowski	George Mosher
Andrew Burish	Albert Nicholas
Mark Burish	Michelle Picard
Sean Cleary	Carl Ruedebusch
Dwight & Linda Davis Foundation	Jeff Rusinow
Michael Drescher	Ruud Family Foundation
Dudley Foundation	Paul Shain
Susan Shannon Engeleiter	Michael Shannon
William Haack	Thomas Shannon
Jeffery Harris	Weinert Family Foundation
Jay Jensen	Wisconsin Economic Development Corporation
Kelben Foundation	Zilber Ltd
Robert Keller	
Ted Kellner	

BrightStar's suggested minimum donation is \$100,000. Our donations ranged from \$100,000 to \$1 million, and we accept pledges for up to 5 years.

*"With the ongoing support of generous donors who share our goals, we will continue to actively invest in Wisconsin companies that will help the state's economy continue to grow."*

*Michelle Picard, Henderson Geneva Capital Management portfolio manager and BrightStar donor and investment committee member*

## George & Julie Mosher receive Lifetime Achievement Award

BrightStar is extremely lucky to have the support of the Moshers. They were part of our founding donor group and George has served on our investment committee since our inception. They received the 2016 BizTimes Lifetime Achievement Award in May of 2016 and we couldn't be any happier for them. The Moshers join an illustrious list of past recipients of the BizTimes Lifetime Achievement award, including Michael Cudahy, George Dalton, Gary Grunau, Robert Kern, Steve Laughlin, Sheldon Lubar, Stephen Marcus, Richard Pieper Sr., Harry Quadracci, Fritz and Debra Usinger, and Joseph Zilber.



George and Julie were married in 1965 and in 1975 they founded National Business Furniture, a catalog distributor of office furniture. They grew the business to \$130 million in annual sales and eventually sold the business in 2006.

Since that time they have focused on venture investments and making philanthropic contributions. The Moshers have invested millions of dollars into dozens of young companies and in 2013 George was inducted into the Wisconsin Investor Hall of Fame. He is also a director of BizStarts Milwaukee, the Chamber Theatre, Downtown Milwaukee Rotary and the UWM Library.

*"George Mosher was a 'super-angel (investor)' before people were using that term; his passion for working with entrepreneurs helps to define him."*  
*Tom Still, Wisconsin Technology Council President*

## Our Donors Support Entrepreneurship and Job Creation

Entrepreneurship is finally rebounding in the United States, according to the 8th Annual Kauffman Foundation State of Entrepreneurship address. They outlined how entrepreneurs are driving a resurgence of business activity in America but that a long-term decline in entrepreneurship has prevented millions of Americans from achieving economic success. Despite recent upticks in business creation and growth indicators, new firm formation remains in a long-term deficit, and this decline hurts more than just entrepreneurs.

It is a trend with broad implications for America's competitiveness while also negatively affecting American workers. Economic research shows that the entrepreneurship deficit is tied to stagnant productivity, job loss, inequality and growth, which mean lower wages and living standards for Americans.

Our donors are doing their part to reverse these trends by providing a new source of capital to the early stage space. BrightStar is doing its part by investing in Wisconsin entrepreneurs to ensure that their new companies launch and grow here. Their innovative ideas can be quickly commercialized and rapidly scaled to create large numbers of high quality jobs in our great state.

## Donor Appeal Ad Campaign

In November we ran [donor appeal ads](#) in the Wisconsin State Journal, Milwaukee Business Journal and BizTimes Milwaukee. We did a similar campaign in 2015 and it was well received. It greatly increased an understanding of our mission and was the catalyst for securing multi-year pledges from a number of new donors.

The ad featured the 33 companies that we had invested in through the end of 2016, and the twenty-nine individuals and foundations that donated money to BrightStar. The main message came from our donors. They lent their names and signatures to an appeal for help. You can see the entire ad on the donor page of our website.

# Our Investments

## Our Portfolio Companies

For three years, BrightStar has been investing in early stage companies all over the state and across a variety of industries. Each year has brought progress and challenges for each of our investments, and that inevitably will not change. We cheer the accomplishments and push for further momentum. We do our best to help all of our portfolio companies through the challenging times and offer that assistance in tandem with our co-investing partners.

Through the end of 2016, we are happy with our portfolio, proud of their technical, market, and employment advancements, and eagerly await even grander results from each of them. We anticipate 2017 to show continued and even stronger evidence of our mission to effectuate positive economic change throughout the state.

This next year, for the first time, most of our companies will have multiple years of history to show the power of early stage in the returns it can generate and the quality jobs it can create throughout Wisconsin. We anticipate our first exits and will share our celebrations with you. On the reverse, some of these companies will fail, but we are proud to report that this has not occurred in our portfolio yet. When it does happen, we won't hide these failures. Instead we will share what we learn and uniquely celebrate the efforts as well. Through all of it, job metrics will be front and center.

Please review the summaries for all our portfolio companies on pages 5 through 8. Do not hesitate to reach out to discuss any of our investments and also let us know if you are interested in helping in their success whether as an advisor, partner, or customer. Every little bit counts and any success can have a drastic impact on that company's geographic region and the state as a whole. We all love Wisconsin and are all in it together in making it the economic engine we know it can be for future generations.

## BrightStar Partners with American Family Insurance

BrightStar Portfolio Management (BPM) is a wholly owned subsidiary of BrightStar Wisconsin Foundation and the vehicle by which the Foundation invests into early stage companies. BPM is a Qualified Venture Fund with the state and thus receives a 25% early stage tax credit when it invests in certain Wisconsin companies.

As a non-profit, the Foundation does not have a tax use for the credits, and so we sell them to offset annual operational expenses. Money received as part of these transactions assures more money finds its way to innovative and job creating Wisconsin entrepreneurs. Having an established partner that allows us to efficiently sell our credits at the end of each year allows us to better support our mission. We are ecstatic that American Family Insurance has agreed to be this partner and show how, as a corporate citizen, it continues to be at the forefront of supporting early stage activity throughout our state.

## Did You Know?

Many city, county, and state governments speak about job creation initiatives that can cost up to \$50,000 to produce each new job. If BrightStar can achieve even a 1X return of its invested monies (Kaufmann cites early-stage returns up to 2.3X) there is no net cost per job to create it via investing the Foundation's donated assets into start-up companies.

## Future Investment Partners

The core to the founding of BrightStar was that quality early stage activity is the best way to cause lasting economic development and job creation throughout Wisconsin and that there was not enough capital going into the space to support this activity. We have made great strides in getting more dollars allocated to Wisconsin entrepreneurs, but so much more can be done. And so, we would like to recognize those Wisconsin funds and groups that have successfully closed their round of funding in the past twelve months, and those that have recently been announced.

## Groups that successfully closed their funding round

Capital Midwest Fund III  
CMFG Ventures (CUNA Mutual)  
HealthX Ventures  
Idea Fund of La Crosse  
Northwestern Mutual Future Ventures  
PharmaSeek Companies

## New Fund or Angel Network Announced

37 Celsius Capital Partners  
N29 Capital Partners  
NEW Venture Foundry  
Rock River Capital Partners  
NEW Venture Foundry  
Winnebago Seed Fund

We want to thank the [Wisconsin Technology Council](#) for its assistance in creating the above lists. It truly was an active year for our state, and we applaud the efforts. If you have questions about the above list or any funds or angel groups throughout Wisconsin, please contact Bram Daelemans at his contact information below:

Bram Daelemans  
Director of Investor Networks at the Wisconsin Technology Council  
bram@wisconsinangelnetwork.com  
Telephone: 608.442.7557 x25

## Did You Know?

During our first three year in business BrightStar Wisconsin has received over 300 registrations from companies seeking early-stage capital investment. Our Portfolio Manager, Todd Sobotka reaches out to each applicant to provide feedback, perspective, or re-direction if applicable.

## Our 2016 Portfolio Companies

Although we did not deploy capital into as many companies in 2016 as our first two years of investing, we were able to make a significant impact into the situations where we did invest. We were involved with A-round investments, seed investment, and for the first time, we broke from our model and led a bridge round without any other investment partner—and it has paid off quite well for us and the company, helping to bring in \$5 Million of investment capital from outside Wisconsin. As a whole, this may be the most aggressive job creating class that we have, and we look forward to reporting on their results one year from now. Please check out our new portfolio companies on the following page.

# Introducing BrightStar Wisconsin's 2016 Portfolio Companies



[Access HealthNet](#) contracts with health providers across the US to offer comparable bundled services to employees of partnering companies with self-funded insurance plans. The company creates price transparency and the injection of quality consumerism into the healthcare marketplace. This results in the lowering of healthcare costs to employers and employees while also providing benefits to health systems providing the services.



*Access HealthNet's new office space*

Access HealthNet just moved to a larger office shown in the photo above to accommodate hiring fifty new employees this year. In the 2017 Annual Report we will hopefully have a new photo with all of the cubicles filled with people who are the benefactors of the job creation that is fueled by early stage investing.



[Rent College Pads](#) uniquely targets the off-campus housing niche by effectively connecting students to landlords with available housing. This focus has allowed the company to out-execute more broadly focused competition and thus grow substantially within the last three years with even more aggressive growth plans in the immediate future.

Rent College Pads is currently providing services in twenty-six states and plans to expand their reach to more than 100 college campuses by the end of 2017. Their eventual goal is to simplify the college housing search for students at every college across the country. They have already helped more than 2 million students find college housing.



[Phoenix Nuclear Labs](#) (PNL) has developed a new class of intense neutron generators that can satisfy unmet market application needs within areas like radiography and the production of medical isotopes. It uniquely does it without the need of a nuclear reactor.



*Phoenix Nuclear Lab - High Yield Neutron Generator*

In 2016 PNL booked over \$10 million in new contracts, including its first order in the semiconductor processing industry – a market with vast potential. They also have contracts to supply the US Army and SHINE Medical, among others. PNL also increased revenue to over \$3.1 million, and hired 10 new full-time staff members while advancing their engineering and manufacturing capabilities. Over the past decade the company has received over \$12 million in grant funding from the US Departments of Defense and Energy.

*"Phoenix is exactly the type of investment opportunity that BrightStar was created for—innovative, market changing technology that creates high quality jobs here in our state."*

*Jeff Harris, BrightStar's Chairman*



[Moxe's](#) technology is a "smart pipe" for data and information between healthcare providers and payers. As value-based contracting continues to increase, so does the need for high-quality, easily accessible clinical data. Moxe's solution facilitates the efficient transfer of data to obtain complete clinical and demographic information insurers and vendors require to maximize their incentive payments.

*"BrightStar's investment earlier this year was key in allowing us to expand operations, while also putting us in a stronger position to identify and partner with excellent Series A investors. In the end, BrightStar helped us bring additional capital into Wisconsin in support of our aggressive hiring plans."*

*Dan Wilson, Moxe Health CEO*

In October they closed a Series A financing round, led by Safeguard Scientifics, a company that believes in Moxe's mission and their ability to execute their plans. Moxe plays an integral part in streamlining the flow of information among the various stakeholders throughout the continuum of healthcare. They provide the people, process and technology required to broker the exchange of information among groups who need to share information, but who also need to be extremely thoughtful about how that happens. The future looks bright at Moxe Health and they recently doubled their staff size to handle the growth that they are experiencing.



[ONKÖL](#) (Always in Touch Inc) is a company that wants to improve the connection senior citizens have with their family, doctors, and other caregivers by providing a device that removes the technical difficulties that many senior citizens seem to struggle with when using other elderly assisting products. The easy to use technology links to multiple devices to serve numerous functions such as emergency notifications, medication reminders, home status, and predictive home monitoring solutions. The whole purpose is to give the families a comfortable program that notifies them of any issues, and the elderly a device that has proper functionality without ongoing complications.



*ONKÖL device*

ONKÖL was able to complete its first product production run at the end of 2016 and also made additions to their software engineering team. They are rolling out their sales and marketing plans in 2017, and will be fulfilling orders and generating revenue.

# BrightStar Wisconsin 2014-2015 Investment Portfolio Update



[AkitaBox](#) tracks the assets throughout a building, shows where they are located, and provides information for preventative maintenance, repairs and capital planning. This helps to simplify knowledge transfer and reduce the risk of equipment failure when team members leave. To ensure information is accurate and accessible, AkitaBox tracks building plans and manuals from design to demolition.



[AltusLearn](#), formerly AltusCampus, is an online marketplace for continuing medical education. It enables individuals to meet and track license requirements and protects institutions' billing reimbursement eligibility by tracking workforce compliance. They are currently working with over 70 healthcare institutions.



**ARCHANGEL  
DEVICE**

[Archangel Device LLC](#) boasts several innovative products to enhance personal and workplace safety. Their flagship product is the Guardian Angel® product line, which represents the industry's first wearable and portable LED light bar, has been met by customers with extremely positive response. The company has experienced significant growth over the past twelve months, nearly doubling sales figures for four consecutive quarters and has expanded its product offering as well. They now offer four different models for additional functionality with two more slated for 2017. Archangel distributes its dynamic safety devices to a variety of markets domestically and worldwide.



[Beekeeper Data's](#) software allows a business to effectively communicate key business metrics to staff, partners, and customers via email. Their product enables digital businesses to scale report initiatives to drive higher customer engagement and lifetime value.



**Bright Cellars**

[Bright Cellars](#) is a subscription wine club that matches members to monthly wine selections. Members take a wine quiz to build a taste profile and the company uses its matching algorithm to choose the best bottles to fit the taste of each individual member and sends them four new bottles of wine once a month.



Bright Cellars is now also selling one of Wisconsin's most famous exports, cheese. This service works the same way as its wine service. They recommend cheeses from around the state to subscribers and send them a personalized cheese box each month. Bright Cellars has a unique niche, targeting younger consumers. Entrepreneur.com recently named them to their Top 10 Food & Farming Companies to watch, and for good reason. They increased sales by 3x in 2016 and recently added sixteen additional full time employees.



[Dairyvative Technologies](#) uses their patented SEVENx™ technology to super-concentrate milk and produce a finished product that does not require refrigeration, allowing suppliers to meet the growing worldwide demand for milk and dairy products. The shipping costs are considerably lower due to the reduced volume of the product and the use of trucks that don't require expensive refrigeration equipment. Dairyvative also recently signed an agreement with a leading dairy company that will use their technology to produce a variety of lactose-free products.



[Dock Technologies](#) improves effectiveness of healthcare practitioners. The practicalities of care are increasingly difficult, with more weight placed on technologies that distract from the patient care. The clinicians need precise feedback to be able to act, especially in emergency cases like heart attack and stroke. Dock Technologies has created a product solution that captures better data from the most critical clinical cases while allowing better responsiveness and care to the patient.



**EmOpti, Inc.**

[EmOpti](#) was founded by physicians and technologists in response to the increasing need for improved performance in emergency medicine. The company provides solutions for optimizing ER operations using advanced analytics and telemedicine technology. This approach cuts down wait times and costs, improving both clinical outcomes and patient satisfaction. Aurora Health Care added EmOpti's technology to a number of its hospitals and in their tests it reduced emergency room initial wait times by 75%.



**EPS** A REVOLUTION IN FLIGHT

[Engineered Propulsion Systems, Inc.](#) (EPS) brings advanced diesel aviation engine technology to today's modern airplanes. The company's engine uses diesel fuel instead of the environmentally unfriendly leaded airplane fuel currently in use. Engine and flight tests are currently underway and EPS expects FAA approvals during 2017. EPS was also a recent recipient of a contract awarded by the US Air Force.



*EPS Graflight V-8 Engine*



[Fetch Rewards](#) is a mobile platform that connects shoppers, grocers, and packaged goods brands. They are reinventing the entire shopping experience, saving shoppers time and money. Grocers that offer Fetch Rewards to their shoppers gain a competitive advantage through increased loyalty and larger basket sizes, while receiving access to actionable data to increase sales and reduce costs. Brands who work with Fetch are able to engage with shoppers while they are in the aisle holding products in their hand, to create targeted relationships and build loyalty.

Fetch is definitely getting a lot of attention and making progress on many fronts. Supermarket News named them as a 2016 "Top 25 Disruptor" in the grocery industry category, and they signed a seven-year partnership agreement with Kraft Heinz.

# BrightStar Wisconsin 2014-2015 Investment Portfolio Update



## FISHIDY

[Fishidy](#) provides hardcore anglers with fishing resources that can ensure memorable experiences on the water. Fishidy delivers this through the use of interactive fishing maps, social media and information on thousands of waterways in all 50 states and nearly 30 countries. Fishidy recently acquired a complimentary company in their industry, FishingScout. That integration pushed the total membership to over 700,000 users. Partnerships were also entered into with IBM, Lowrance and Geico Insurance.

## FloraSeq

[FloraSeq](#) leverages the knowledge of the human microbiome for the treatment of gastrointestinal disorders and to maintain gut health. The company focuses on developing a unique live biotherapeutic agent (similar to probiotics) for the treatment of clostridium difficile (C. diff) infections. This bacterium causes debilitating and deadly infections in over a million patients per year and is one of the most prevalent hospital-acquired infections. FloraSeq's approach is relevant with other GI applications, including Irritable Bowel Syndrome.

In 2016, at the Medical College of Wisconsin, FloraSeq initiated one of the first studies that used freeze-dried microbiota capsules to treat C. diff infections. FloraSeq also received the 2016 Wisconsin Innovation Award in the Biotech category.

## FORWARD HEALTH GROUP

[Forward Health Group](#) (FHG) provides value-based population health management solutions to health systems, hospitals and multi-specialty clinics. It has earned the confidence of the American Heart Association, American Cancer Society and the American Diabetes Association, serving as the technology foundation that assures these respected organizations' prevention and treatment guidelines are put into practice.

FHG recently secured a long-term contract with Riverside University Health System in California, which has already opened the door to numerous other sales opportunities in the state supporting Medicaid delivery system reform program efforts. They also established a partnership with Leavitt Partners, a leader in working with large health systems and payers to accelerate the shift to value-based care, a strategy well aligned with their own.

## FrēMarq INNOVATIONS

[FrēMarq Innovations](#) manufactures curtain wall systems for the commercial window design industry that provide superior thermal performance, increased strength to allow flexibility in design, and reduced labor in the field.

FrēMarq's patented thermal break technology results in the creation of the first line of customizable curtain walls for buildings today, and well into the future, all at a cost that is competitive with less effective existing systems. All this results in enhanced ROI for building owners around the world.



*FrēMarq orders completed and ready to ship*

At the end of 2016, FrēMarq had \$2.4 million in purchase orders in the pipeline for 2017. They have submitted quotations for another \$12 million that they are working on closing this year, and were recently asked to submit a proposal to Stanford University for a project worth \$10 million.

## GROCERKEY

[GrocerKey](#) partners with local & independent grocers to offer a free, branded online store. The company's platform provides a front-end store, back-end dashboard, "picker" apps, and the training and/or infrastructure to facilitate a pickup and local delivery service.

They have been working with Woodman's Food Market, a chain of stores based in Janesville, since 2015, and will continue rolling out its digital tools to more of their stores this year. They also recently announced that they added eleven new grocer accounts.

## HITLIST

[GoHITLIST](#)'s advertising, engagement, and lead generation platform changes the way businesses source new customers from the Internet. Instead of banner ads, pop-ups, and mass emails, the HITLIST platform incentivizes potential customers to engage with businesses through gamification modules that gather valuable data from those potential customers and then converts willing individuals into qualified leads and paying customers. In addition to adding over 60,000 users to its platform in 2016, HITLIST enjoyed revenue growth in each of the last 9 months of the year.

## MCT

[MCT](#) of Wisconsin, Inc. has a combined 80 plus years of experience in print, finishing, and digital die cutting solutions for specialty graphics. The founding team of MCT comes out of Mikkelsen Graphic Engineering, which pioneered using digital flatbed cutters to accurately "cut to print," and essentially founded the current flatbed cutting marketplace for grand format printers. The combined people and product experience makes MCT one of the most knowledgeable companies in the industry in regards to digital finishing, the materials used and their specific best finishing methods.



*MCT VersaTech2 Digital Cutter*

MCT's recently introduced VersaTech2 and their Tiger vision system software and laser belt. It sets the standard in digital finishing with new tooling and earned them the product of the year at the industries 2016 SGIA tradeshow.

## [m]pirik

The healthcare technology company, [\[m\]pirik](#), was founded by orthopedic surgeons, focusing on measuring and improving value in orthopedics. Operating on a single platform, it gathers and analyzes orthopedic data, standardizes patient communication, and provides the tools necessary to improve patient outcomes while increasing physician efficiency.

Their flagship data analytics software platform has been implemented in 6 states and currently tracks over 130,000 patients through their episodes of care. To accommodate their growth, they recently moved to new and larger office.



# BrightStar Wisconsin 2014-2015 Investment Portfolio Update

## OKANJO

[Okanjo](#) makes the web enjoyable again, with tools that both retain readers and generate revenue. Their technology drives product discovery for advertisers and creates new revenue streams for online publishers by putting the right product in the right place at the right time. Okanjo's solutions are used by major media companies and advertisers ranging from popular, locally-focused entities to Fortune 1000 businesses. In 2016, Lee Enterprises invested \$1 Million into Okanjo as a strategic partner.

## PINPOINT SOFTWARE

[Pinpoint Software](#) improves the business operations of organizations in grocery, convenience, retail and franchise chains. They currently have two software products, Data Check Pro (DCP) and Taskle. DCP provides a tool to the grocery and healthcare market that digitally manages product expiration dates in a much more efficient and methodical fashion.



Taskle addresses a broader market need of managing consistent businesses across multiple locations. The focus is to drive operational efficiency and execution for grocers, retailers, and franchisors. Taskle grew to more than 100 locations worldwide. PinPoint also developed a non-profit initiative called Stop Waste Together as a marketing campaign template for retailers to combat food waste.



[Project Foundry](#) offers a streamlined, collaborative workflow, and reporting solution for project-based K-12 learning. These types of environments are driven by the interdisciplinary nature of the real world where students need to synthesize information and polish the life skills needed for the 21st Century Economy. Project Foundry scaffolds the process of project-based learning while embracing voice and choice in both teacher-guided and student-led projects. 30,000 students and teachers in over 200 schools across 25 states have created 1/2 million learning experiences using Project Foundry.

## QUIETTYPE

[Quiettype](#) is a technology company that developed a noise monitoring and reporting system for the hospitality and healthcare industry. It offers alerts and reporting for the management of hotels, hospitals, and apartments in order to reduce sound disturbances from the source of the noise. Once installed the system is a sensor data platform capable of transmitting any sort of wireless sensor data to improve the sleeping conditions of the people who need it most.



[SHINE Medical Technologies](#) will be manufacturing the medical isotope Mo-99 in a new plant that they will be building in Janesville, WI. Mo-99 is used in the diagnosis of heart disease and cancer. They will produce the isotope without the use of a nuclear reactor, which is currently the only way it is made. SHINE's technology is greener, safer, and cheaper than existing production methods and addresses a massive and emerging global need.

In December of 2016, Shine was awarded \$10 million in funding from the National Nuclear Security Administration, part of the U.S. Department of Energy. They have now received a total of \$25 million through this program. Shine says that some of the latest funding will be used for continued facility build, as well as to expand its engineering and business development teams. Shine has signed supply agreements with a number of large companies, including GE Healthcare, Lantheus Medical Imaging and HTA Co., a China-based producer and distributor of radio-pharmaceuticals.



[Stemina Biomarker Discovery](#) is a biotechnology company that has developed a robust and reproducible proprietary platform for identifying changes in metabolism ("biomarkers") utilizing highly sensitive analytical equipment and proprietary technologies and algorithms. This platform allows the company to identify biomarkers in cell cultures and human samples and to analyze the small molecules secreted by cells in response to toxic substances or in response to disease in the human body. The potential business applications of this platform are significant and diverse. The company is currently focused on two different business opportunities: toxicology and compound safety screening, and diagnostic biomarkers for neurological disorders beginning with autism spectrum disorders.



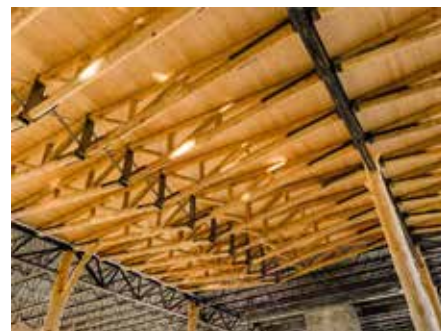
[Swallow Solutions](#) improves the health and quality of life of individuals with swallowing disorders. Their SwallowSTRONG System is an FDA-registered medical device. Their system delivers a rehabilitative therapy clinically proven to improve swallowing. An independent study published in 2016 showed that their treatment significantly decreased the incidence of pneumonia and hospital admissions. They also received a \$1.5 million SBIR Phase II grant for continued development of their medical beverage products that improve safety for people dealing with swallowing issues.



[The Good Jobs™](#) showcases companies with unique culture, employment brands and ways they help employees to work well. The company's purpose is not only to help job seekers find cool companies with awesome cultures that fit their needs and priorities, but also to help employers earn badges to attract discerning job seekers who want to work for these employers. They believe that "the good life" and good work can intersect to create both organizational and personal success.



[WholeTree's](#) cutting-edge technology enables the forest products industry to sell round timber to the construction industry, making buildings stronger and forests profitable. In 2016 they raised \$1.1M in a Series A round, with a portion of that used to fund growth into two high margin niche markets nationally. Those efforts resulted in new contracts with the San Diego Zoo, Google and SunCommon. Also in 2016, WholeTrees received \$100K in awards from the National Forest Foundations and the UW's Force for Positive Change.



# Our Results and Plans for 2017

## Our Donors Help Create Jobs In Wisconsin

BrightStar donors are individuals and foundations that have a passion for keeping the best and the brightest people here in Wisconsin. As a part of our state entrepreneurial ecosystem, BrightStar is focused on co-investing with lead investors throughout Wisconsin to ensure that companies will launch and grow here. It is our generous donors who enable us to invest in these innovative ideas that are being quickly commercialized and scaled up to create high-quality jobs in our state.

## Job Creation and Job Metrics

BrightStar is excited to show the results of our activity via job creation metrics. In the end, this is what we are all about, Job Creation Through Capital Donation. Below you will see how our portfolio companies are doing so far. Some are fairing better than the other companies, but the ones adding jobs are doing really well and the net results are the creation of over 200 jobs. We fully expect that these young companies will continue to add jobs at an accelerating pace.

Company and year of BrightStar investment	Pre-Investment FTE's	Current FTE's	Job Creation
Access HealthNet - 2016	9	17	8
AkitaBox - 2015	6	21	15
AltusLearn - 2015	11	5.5	-5.5
Archangel Devices	2	0	-2
Beekeeper - 2015	2	2	0
Bright Cellars - 2015	7	30	23
Dairyvative - 2014	3	8	5
Dock Technologies - 2015	4	3.5	-0.5
EmOpti - 2015	4	10	6
EPS - 2014	12	19.5	7.5
Fetch Rewards - 2014	19	36	17
Fishidy - 2014	9	6.5	-2.5
FloraSeq - 2015	2	2	0
Forward Health - 2014	16	34.5	18.5
FreMarq - 2015	0	11.5	11.5
GrocerKey - 2015	5	47	42
HITLIST - 2015	3	3	0
[m]pirik - 2014	7	14	7
MCT Wisconsin - 2015	19	23.5	4.5
Moxe Health - 2016	7	9	2
Okanjo - 2015	10	11	1
ONKOL - 2016	13	5.5	-7.5
Phoenix Nuclear Labs - 2016	15	31	16
Pinpoint Software - 2015	3	4.5	1.5
Project Foundry - 2014	6	11	5
Quietyme - 2015	14	9	-5
Rent College Pads - 2016	4	15	11
SHINE Medical - 2014	16	37	21
Stemina Biomarker - 2014	10	13	3
Swallow Solutions - 2014	5	4.5	-0.5
The Good Jobs - 2014	2	0.5	-1.5
WholeTrees - 2014	10	14.5	4.5
<b>TOTALS</b>	<b>255</b>	<b>460</b>	<b>205</b>

## INC. Magazine Recognizes Milwaukee

We know that the start-up ecosystem has been positively impacted throughout the state and in our home base of Milwaukee. In February of this year, Inc. Magazine ran a story about three cities that were great alternatives for startups. The article talks about the lure of setting up shop in cities like Boston and San Francisco with booming startup ecosystems, but rightfully points out that these markets come with the reality of extremely high cost of living issues. They suggest that there are smaller cities that offer many of the same amenities, talent, and opportunities at a fraction of the price.

The article goes on to discuss three cities, Buffalo, Salt Lake City, and Milwaukee. They pointed out that in 2016 Milwaukee saw an increase of a whopping 145 percent in venture capital funding for startups, to \$111.8 million, and that the average cost of a two-bedroom apartment in Milwaukee is about a quarter of what it costs in San Francisco. They also mentioned that there are highly respected incubators and accelerators in the city, and large companies like Rockwell Automation, GE Healthcare, Johnson Controls and many others that lend engineering gravity to the area.

## Plans for 2017

BrightStar is occasionally called on to help support the start-up ecosystem above and beyond our capital investments, and we decided to get behind two initiatives that we think will move that needle forward.

The first project we're supporting is a new TV show called [Project Pitch IT](#). It is an early stage "pitch" competition program that was created at Cardinal Stritch University and began airing the first season of six episodes in mid-February on WISN TV12 in Milwaukee. It is also being aired in Green Bay on WBAY-TV, in Madison on WISC-TV, in Wausau on WZAW-TV and in La Crosse in WKBT-TV. All of the entrepreneurs that "pitch" their ideas are Wisconsin-based companies. There is a panel of four judges, referred to as "moguls," who select the recipients of the weekly prizes. BrightStar is a sponsor, and one of our founding donors and board members, Mark Burish, was selected to be one of the judges. We think he did a great job representing our foundation!



Moguls Peter Feign, Jim Lindenberg, Jerry Jendusa and our very own Mark Burish with show host Dr. Eve Hall

The other initiative is also a "pitch" program called [HATCH](#) and our partner for this project is NEWaukee, a social engagement company doing great work throughout the state. HATCH will be launched in central Wisconsin in April. It is a community-based startup pitch platform that aims to convert strong "napkin" ideas into business plans that will eventually lead to the formation of new companies. The preliminary events will be held in Stevens Point in April, Wisconsin Rapids in May, Wausau in June and Marshfield in July. The winners of those events receive \$2,000 in cash and an invitation to attend the end-of-year finale to compete against the other winners for a cash prize of \$10,000. The finale is scheduled for October and the location for that event will be announced at a later date.

# BrightStar's Board & Investment Committee & Intern Update

## BrightStar's 2017 Board

BrightStar is pleased to introduce our [2017 Board of Directors](#) and Officers. We have been extremely fortunate to have an exemplary team since its inception. Each of the individuals listed below brings a unique set of experiences and expertise to the table and all of them generously donate their time to support our mission.

### Officers

Thomas Shannon	BrightStar President & CEO
Jeff Harris	Chairman
Anthony Handzlik	Secretary & Partner, Reinhart Boerner Van Duren S.C.
Daniel J. Matola	Treasurer & President, Jacobus Wealth Management

### Directors

Adam Berger	Partner & VP of Sales, Doering Fleet Management
Mark Burish	Co-Founder, Hurley Burish & Stanton S.C.
Pam Evason	Managing Director, Windermere Wealth Advisors, LLC
Aaron Hagar	VP of Entrepreneurship & Innovation, WEDC
Mark R. Hogan	Secretary & CEO, WEDC
Dan Shannon	Senior Vice President, FIS
Andy Shrago	Former Managing Partner, Wisconsin Investment Partners



## 2017 Investment Committee Members

BrightStar is also pleased to introduce our [2017 Investment Committee](#). We want to acknowledge and thank all of them for their contribution to our success.

Mark Burish	Co-Founder, Hurley Burish & Stanton S.C.
Pam Evason	Managing Director, Windermere Wealth Advisors
Jonathan Fritz	Chief Revenue Officer, Symphony Corporation
Jeff Harris	Chairman, BrightStar Wisconsin Foundation
Lorrie Heinemann	President & CEO, Madison Development Corp.
Lisa Johnson	CEO, BioForward
Daniel Matola	President, Jacobus Wealth Management
George Mosher	Private Investor
Michelle Picard	Portfolio Manager, Henderson Geneva Capital
Jeff Rusinow	Private Investor
Tom Shannon	President & CEO, BrightStar Wisconsin Foundation
Andy Shrago	Former Managing Partner, WIP
Todd Sobotka	BrightStar Committee Chair and Portfolio Manager

## BrightStar Intern Updates

Internships are a great way to provide college students with real world business experience, and at the same time earn money to help with their educational and living expenses. BrightStar has had interns from Marquette, UW-Milwaukee, UW-Madison and Boston College. Since we started our intern program, we've had three students from UW-Milwaukee Lubar School of Business. This year we were fortunate to have an intern from their La Macchia Enterprises Entrepreneur Internship Program, where the students not only get paid, but also receive credits toward their major. It's a great program for the students and BrightStar.

We thought you might be interested in meeting them and seeing what they're up to now.



Aaron Davis was BrightStar's 2014 summer intern from UW-Milwaukee. He worked part-time through the spring of 2015 while pursuing his degree and completing UWM's Investment Management Certificate Program. He also accepted an internship with the UWM Research Foundation. After graduating, Aaron accepted a market research analyst position at Red Arrow Labs, and is also a University Innovation Fellow through Stanford University.



Jing "Yolanda" Liu was also a 2014 summer intern while enrolled at Marquette University and came to us through MU's Applied Investment Management Program. She completed her graduate degree at the University of Rochester's Simon Business School. Then she accepted a number of internships with prestigious asset management firms and private equity companies in the US and China. She hopes to secure a full-time position with one of the top private equity firms where she is currently interning.



Andy Shannon (not related to Tom) was our intern in Madison during the summer of 2014 while he worked on his degree at University of Wisconsin-Madison. He graduated with a political science degree from the Bachelor of Arts College of Letters and Science at UW in 2015. Andy has done extensive volunteering while working in restaurant management and pursuing a job in political science.



Jesse Klink was our 2015 summer intern from UW-Milwaukee, and worked part-time with us through the spring of 2016, while completing the Investment Management Certificate Program at UWM. He is currently interning with the Heritage Growth Team at Wells Capital Management, and looks to secure a full-time position in the investment industry after graduating in May of 2017.



Isabella Dow was our intern during the summer of 2016. She is currently a junior at Boston College, where she is earning Bachelor of Arts degrees in English and psychology. Her post-graduation plans include attending law school and developing her skills as a writer.



Keaton Feuerstein, our current intern, came to us through the La Macchia Entrepreneur Internship program at UW-Milwaukee. He works in a part-time position while he completes a double major in marketing and finance at UWM. He plans to step into a marketing position after graduating in May 2017.



## **MISSION**

To serve as a super efficient philanthropic conduit for generous Badgers everywhere to assist in keeping our best and brightest in Wisconsin by investing in companies that create high paying jobs that will help our state compete, prosper and thrive in an ever-changing world.

The foundation accepts charitable donations into our 501(c)(3) and then takes equity positions in for-profit early-stage companies. Earnings and return of proceeds on investments made will be reinvested to create a permanent endowment. BSW works in a completely nonpartisan way with government, educational institutions, other charitable organizations, angel groups and venture funds to identify, invest in, mentor and promote fast growing early-stage companies to create technology based jobs in Wisconsin.

### **BrightStar Wisconsin Foundation, Inc.**

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