

Access HealthNet • AkitaBox • AltusLearn • Archangel Device • Bright Cellars • Dairyvative Technologies • Dock Techn
ward Health Group • FreMarq Innovations • GrocerKey • HitList • HuTerra • Lumanu • Ideawake • [m]pirik • MCT •
dical Technologies • SimpleMachines • Stemina Biomarker Discovery • Swallow Solutions • The Good Jobs • WholeTre
nnologies • EmOpti, Inc. • Engineered Propulsion Systems • Errand Solutions • Exit 7C • Fetch Rewards • Fishidy • For
xe • Okanjo • ONKOL • Phoenix • Pinpoint Software • Project Foundry • Quietyme • Rent College Pads • Shine Medi
ccess HealthNet • AkitaBox • AltusLearn • Archangel Device • Bright Cellars • Dairyvative Technologies • Dock Techn
alth Group • FreMarq Innovations • GrocerKey • HitList • HuTerra • Lumanu • Ideawake • [m]pirik • MCT • Moxe • C
ogies • SimpleMachines • Stemina Biomarker Discovery • Swallow Solutions • The Good Jobs • WholeTrees • Access H
Dpti, Inc. • Engineered Propulsion Systems • Errand Solutions • Exit 7C • Fetch Rewards • Fishidy • Forward Health Gr

Box • AltusLearn • Archangel Device • Bright Cellars • Dairyvative Technologies • Dock Technologies • EmOpti, Inc. •
eMarq Innovations • GrocerKey • HitList • HuTerra • Lumanu • Ideawake • [m]pirik • MCT • Moxe • Okanjo • ONKO
SimpleMachines • Stemina Biomarker Discovery • Swallow Solutions • The Good Jobs • WholeTrees • Access HealthN
mOpti, Inc. • Engineered Propulsion Systems • Errand Solutions • Exit 7C • Fetch Rewards • Fishidy • Forward Health
kanjo • ONKOL • Phoenix • Pinpoint Software • Project Foundry • Quietyme • Rent College Pads • Shine Medical Tech
ccess HealthNet • AkitaBox • AltusLearn • Archangel Device • Bright Cellars • Dairyvative Technologies • Dock Techno
ward Health Group • FreMarq Innovations • GrocerKey • HitList • HuTerra • Lumanu • Ideawake • [m]pirik • MCT •
Medical Technologies • SimpleMachines • Stemina Biomarker Discovery • Swallow Solutions • The Good Jobs • WholeT
Dock Technologies • EmOpti, Inc. • Engineered Propulsion Systems • Errand Solutions • Exit 7C • Fetch Rewards • Fishi

ive Technologies • Dock Techn
leawake • [m]pirik • MCT
• The Good Jobs • WholeT
etch Rewards • Fishidy • Fo
nt College Pads • Shine Med
e Technologies • Dock Techn
• [m]pirik • MCT • Moxe •
jobs • WholeTrees • Access
Fishidy • Forward Health C

Cellars • Dairyvative Techn
ra • Lumanu • Ideawake
vallow Solutions • The Good
ons • Exit 7C • Fetch Rewa
• Quietyme • Rent College
ars • Dairyvative Techno
anu • Ideawake • [m]pirik
ons • The Good Jobs • Wh
Fetch Rewards • Fishidy • Forward Health Group • FreMarq Innovations • GrocerKey • HitList • HuTerra • Lumanu •

ryvative Technologies • Dock Technologies • EmOpti, Inc. • Engineered Propulsion Systems • Errand Solutions • Exit 7
• Ideawake • [m]pirik • MCT • Moxe • Okanjo • ONKOL • Phoenix • Pinpoint Software • Project Foundry • Quiet
ions • The Good Jobs • WholeTrees • Access HealthNet • AkitaBox • AltusLearn • Archangel Device • Bright Cellars •
C • Fetch Rewards • Fishidy • Forward Health Group • FreMarq Innovations • GrocerKey • HitList • HuTerra • Lumanu
• Rent College Pads • Shine Medical Technologies • SimpleMachines • Stemina Biomarker Discovery • Swallow Soluti
vative Technologies • Dock Technologies • EmOpti, Inc. • Engineered Propulsion Systems • Errand Solutions • Exit 7C •
vake • [m]pirik • MCT • Moxe • Okanjo • ONKOL • Phoenix • Pinpoint Software • Project Foundry • Quietyme • Ren
ood Jobs • WholeTrees • Access HealthNet • AkitaBox • AltusLearn • Archangel Device • Bright Cellars • Dairyvative
rds • Fishidy • Forward Health Group • FreMarq Innovations • GrocerKey • HitList • HuTerra • Lumanu • Ideawake •





710 North Plankinton Suite 340
Milwaukee, WI 53203

Ph: (414) 224-6000
BrightStarwi.org

our Officers and Board of Directors

THOMAS SHANNON
President, Board Member

JEFF HARRIS
Chairman, Board Member

ANTHONY J. HANDZLIK
Secretary

DANIEL J. MATOLA, CFA
Treasurer

ADAM M. BERGER
Board Member

MARK D. BURISH
Board Member

PAM EVASON
Board Member

AARON HAGAH
Board Member

MARK H. HOGAN
Board Member

DAN SHANNON
Board Member

ANDY SHRAGO
Board Member

our Founders

MARK D. BURISH
MICHAEL D. DRESCHER
SUSAN S. ENGELETT
JEFF HARRIS
GEORGE A. MOTTIER
JEFF RUSINOW
MICHAEL S. SHANNON
THOMAS SHANNON

our Staff

THOMAS SHANNON
President & CEO

TODD SOBOTRA
Portfolio Manager

FRED RAASCH
Business Manager

Job Creation Through Capital Donation

March 2018

A Message from our President & CEO



Dear BrightStar Friends:

Another year has come and gone, but we couldn't be more excited with how 2017 has allowed us to build on our first three years of active capital deployment. This is not just seen in our newest class of portfolio companies (page 6), but in the continued growth and success of a huge part of our portfolio. Be sure to see the job creation metrics chart on page 4. Simply put, we get needed capital into the hands of our best innovative, tech-based entrepreneurs.

We choose not to grandstand or be flashy in how we go about making an impact, but rather prefer to have the actions of our Wisconsin entrepreneurs do that for us. Their success is essential for Wisconsin's business ecosystem and to attract, retain, and develop the talent we must have in our communities in the 21st Century. It is in these early stage companies that we are transforming economic regions from Land O'Lakes to Janesville and the Fox Valley to La Crosse.

I do want to note an initiative we undertook in 2017 to further build early stage ecosystems in areas throughout Wisconsin. The HATCH program that Todd and Fred developed to do this with assistance from Newaukee and WEDC, exceeded our expectations. Please read about the HATCH events on page 2 and 13. Due to considerable grass roots demand and in conjunction with WEDC match funding, we will expand this program in 2018 to 3 regions state-wide. These events are exciting, fun and worthwhile as they create deal flow and exposure, while complementing our core mission to effectively deploy investment capital.

As we enter our fifth year of investing, we expect to see exits for some of our earlier class of companies and thus returns for the portfolio. We will be excited to share this news with you. We also will continue to be transparent and tell the stories about the entrepreneurs that did not make it despite valiant efforts (page 12). Hearing all the stories from different perspectives is essential for Wisconsin to evolve culturally into an area that understands and supports the struggles, the risk, and the power of success within the early stage and entrepreneurial ecosystem.

And finally, this is my ask of you. We anticipate 2018 to be a more active year for early stage throughout Wisconsin. Thus, the need of capital for investment worthy companies will also increase. To those family offices, corporate givers, community foundations, and/or individuals with the capacity to give at our threshold levels, our mission is the future of Wisconsin, and we would appreciate your support.

Best Regards,

Tom Shannon
President & CEO

2017 – A Brief Review

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 seasoned 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 co-founder inducted into the Wisconsin Investor Hall of Fame

Tom Shannon, CEO and co-founder of the BrightStar Wisconsin Foundation, was inducted into the Wisconsin Technology Council's Investor Hall of Fame at the Wisconsin Early Stage Symposium in Madison on November 15th. The dinner was attended by 80 invited guests that included other successful angel and venture fund investors.

Mr. Shannon was selected by a panel of 10 judges that included the five past Investor Hall of Fame inductees: Dick Leazer, a founder of Wisconsin Investment Partners, the state's oldest angel investment network; George Mosher, a Milwaukee "super angel" investor; Roger Ganser, a co-founder of Venture Investors LLC, the state's oldest and largest venture capital fund; Jeff Rusinow, founder of Silicon Pastures; and Carl Gulbrandsen, former managing director of the Wisconsin Alumni Research Foundation.



BrightStar successfully launched the HATCH pitch program

BrightStar successfully launched the HATCH entrepreneurial pitch program in the central part of the state with events in Stevens Point, Wisconsin Rapids, Wausau and Marshfield. HATCH is a pre-seed funding and ecosystem building tool that encourages those with a bright idea to consider developing or advancing those ideas into business plans.

HATCH created a custom signature experience that incubated startup activity. It connected future startup ventures to community and statewide resources. BSW also used the program to engage potential co-investors to bring much needed capital to the early stage space, and to identify new donor prospects to support BSW's mission of investing in Wisconsin start-ups that have the potential to create many high-quality jobs in our state.

Other strategic partners supporting HATCH, included the Wisconsin Economic Development Corp., Incourage Foundation, the Portage County Business Council, the Marathon County Economic Development Corp., Current Wisconsin Rapids, Ignite, Marshfield Young Professionals, Create Portage County, and Compass Properties, which hosted the finale in its private hangar at the Stevens Point airport.

"We have to keep this momentum going. I had no idea there were so many entrepreneurs out there. What a great opportunity to bring awareness of local and state resources available for entrepreneurs. The event had lots of energy and excitement. Events like this will spark others to pursue their ideas and dreams. Brought the community together engaging YPS, businesses, organizations and entrepreneurs."
-Karen Olsen, Marshfield Chamber of Commerce

At each preliminary event, the winner received \$2,000 in cash and an invitation to attend the program finale to compete against the other winners from previous programs. The final event, which was attended by more than 300 people, offered the opportunity for the four semi-finalists, and three other individuals that competed in the preliminary events, to pitch their concepts and attempt to win the \$10,000 grand prize. In a surprise ending, the judges were sold on two pitches and the winning companies split the grand prize. For more news on HATCH, please see page 13.

Donors & BSW portfolio company CEO's event

BrightStar held a reception in Madison on September 7th that gave several of our portfolio companies CEO's an opportunity to update BrightStar donors, board members, investment committee members and other invited friends on how their respective companies were doing since receiving BrightStar's investment.

The event was hosted by the law firm of Boardman & Clark in their beautiful atrium lobby with an amazing view of the Wisconsin State Capitol Building right across the street.



Seven of our portfolio companies made presentations to the delight of all 40 people in attendance. The companies represented were Shine Medical, Forward Health Group, Fetch Rewards, Dock Technologies, Dairyvative, Bright Cellars and HuTerra. We think these events are a win-win for all involved and we hope to do similar events in the future.

2017 - By The Numbers

Financial Position as of December 31, 2017

Total Assets: \$7,837,262.

Cash: \$34,011.

Total 2017 Expenses: \$356,316.

Portfolio Investments: \$5,874,233.

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!

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

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

"It's not too strong a statement to say that the kind of State that Wisconsin becomes will depend upon efforts such as BrightStar."
- Journal Sentinel Editorial Board

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.

Donor Profile - Jamy & Mike Malatesta

BrightStar has approximately 40 active donors who have contributed \$8.8 million over the last 4 years. They come in all shapes and sizes, but the Malatesta's fall right into the BSW donor sweet spot for two reasons—they are entrepreneurs who have built their own business and their charitable leanings extend beyond just BrightStar.

Mike writes, "Having started, grown and sold our own Milwaukee based company, we've always had an appreciation for the impact that entrepreneurs and successful businesses have on the local economy and community. Jobs, innovation, leadership and philanthropy are just a few of the benefits they produce. Jamy and I are committed to supporting business growth and philanthropic activity in Wisconsin, a place we've adopted as our home. We believe in BrightStar's mission and we're grateful to play a small role in its success and in the success of the entrepreneurs and companies it funds and supports."



With Mike's support, Jamy has also co-founded her own high-profile foundation called IMPACT 100 Greater Milwaukee. And as fate would have it, one of the other three co-founders of IMPACT 100 is another BrightStar donor, Cynthia Harris, spouse of BrightStar Chairman Jeff Harris. The charity was initially formed by the co-founders recruiting 100 women in Greater Milwaukee who would agree to contribute \$1,000 annually to be accumulated as collective giving and dispersed yearly to deserving community nonprofits. The Malatesta's add, "Like the giving community that IMPACT 100 Greater Milwaukee makes possible for nonprofits, we support BrightStar's mission to find, fund and grow great new businesses here in Wisconsin." We thank Jamy and Mike and all of our donors for their generous support of our foundation.

Our Results

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 form 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. The net results are the creation of over 490 jobs. We fully expect that these young companies will continue to add jobs at an accelerating pace.

Job Metrics Chart

Company and year of BrightStar investment	Pre-Investment FTE's	2016 FTE's	2017 FTE's	Total Jobs Created
Access HealthNet-2016	9	17	26	17
AkitaBox -2015	6	21	57.75	51.75
AltusLearn -2015	11	5.5	6	-5
Archangel Device -2014	2	0	0	-2
Bright Cellars -2015	7	30	41	34
Daryvative Technologies -2014	3	8	5	2
Dock Technologies -2015	4	3.5	3.25	-0.75
EmOpti, Inc.- 2015	4	10	9.8	5.8
Engineered Propulsion Systems – 2014	12	19.5	25.25	13.25
Errand Solutions -2017	0	N/A	5.5	5.5
Exit 7C -2017	0	N/A	4.5	4.5
Fetch Rewards- 2014	19	36	49	30
Fishidy- 2014	9	6.5	5	-4
Forward Health Group-2014	16	34.5	33	17
FreMarq Innovations – 2015	0	11.5	29	29
GroceryKey- 2015	5	47	162	157
GoHITLIST- 2015	3	3	2.75	-0.25
HuTerra- 2017	9	N/A	11.5	11.5
Ideawake- 2017	2	N/A	3	3
Lumanu -2017	1	N/A	6	6
[m] pirik – 2014	7	14	11	4
MCT- 2015	19	23.5	25.5	6.5
Moxe Health- 2016	7	9	16	9
Okanjo- 2015	10	11	4.5	-5.5
ONKOL- 2016	13	5.5	6	-7
Phoenix-2016	15	31	64	49
Pinpoint Software-2015	3	4.5	6.25	3.25
Project Foundry-2014	6	11	7.2	1.2
Quietyme- 2015	14	9	2.33	-11.67
Rent College Pads- 2016	4	15	17.5	13.5
SHINE Medical Technologies- 2014	16	37	60.5	44.5
SimpleMachines -2017	0	N/A	12	12
Stemina Biomarker Discovery -2014	10	13	13	3
Swallow Solutions- 2014	5	4.5	3	-2
The Good Jobs-2014	2	0.5	0.5	-1.5
WholeTrees - 2014	10	14.5	9.5	-0.5
TOTALS	263	456	744	481

Errand Solutions Provides Positive Results in Northern Wisconsin

Towards the end of 2017, BrightStar Wisconsin invested in Errand Solutions (see write-up on page 6). Marsha McVicker, the company’s CEO, developed the idea for the business while getting her MBA at UW-Madison and has had lifetime ties to places all over the state. One of those places in northern Wisconsin was an area she was especially familiar with. She began evaluating it, along with other parts of the country like Tampa and Boise, to be the potential site for a new and essential corporate call center.

She learned that recently the state of Wisconsin invested into the broadband infrastructure of that area and so knew that it had the technology backbone to handle her company’s needs. Because of this, she commissioned a study of the community to assure that it could meet her hiring needs, and the results came back strongly in the affirmative. And so, this past October, Errand Solutions opened its brand-new Corporate Solutions Center in Land O’Lakes.



Corporate Solutions Center in Land O’Lakes.

The company has already hired 8 employees there and anticipates 30 by the end of 2018. The expectation is to fill the center with a team of about 60 by the end of 2020—a remarkable impact for a small town of less than 1,000 people along the border with the Upper Peninsula of Michigan.



“This is the biggest thing to happen to this area in the past 15 to 20 years,” said Bob Egan, executive director of the Vilas County Economic Development Corp. “The potential for Errand Solutions to add up to 60 living wage jobs with full benefits over the next couple years is amazing. We are thankful BrightStar was able to help make this happen.” We hope this reinforces the potential of what can be done in Land O’Lakes and are excited to hear about and see the results of successful tech driven entrepreneurship in Northern Wisconsin.

“Encouraging entrepreneurship to spark job creation needs to be done at the local level just as these programs operate... This is how government support is most effective.”
- Mark Hogan, WEDC

Our Investments

Our Portfolio Companies

On a whole, 2017 was a very interesting year. Across the board, there has been so much accomplished. There have been some significant and long-awaited goals hit: Shine Medical broke ground on their first building in Janesville, Dairyvative opened their production facility in an old milk bottling plant in Sheboygan, Onkol will now receive direct, unbundled reimbursement for its monthly service supporting its monitoring device. Sometimes though, the best news is what is found in the accumulation of smaller things. What excites us about the portfolio is that the vast majority of companies are still proceeding along positive trend lines, hitting set milestones, and raising even more capital because of their successes (**BrightStar portfolio companies raised more than \$43 million in new capital in 2017 alone!**). For the most part, we love what we see in the progress, the hiring (please see job creation chart on page 4), and the innovation being shown. We expect continued significant growth in 2018 and are even optimistic about an exit or two.

Looking back on 2017, it was also a very unique year on a number of fronts. We had our first 2 companies cease operations (for more details, please see the “In Memoriam” on page 12). Although this is to be expected in early stage investing and BrightStar’s survival rate has been quite remarkable thus far, it is still difficult to see entrepreneurs lay it on the line and not be successful. There will be more failures, and it is important for investors and entrepreneurs to not only learn from what went wrong but also accept that in the early stage space, even perfect execution on a plan can still come up short if the planets don’t align correctly for the opportunity.

Over the past year, we also co-invested with groups that we have not invested alongside prior. A group of established angel investors led the HuTerra opportunity, the Wisconsin Alumni Research Foundation (WARF) led the SimpleMachines transaction, and a grouping of family offices from around the state spearheaded the Errand Solutions deal to end our investment year. We are so excited about Errand Solutions that we did a separate profile on them on page 4. We hope to expand our relationships even further in the next 12 months and help draw more capital into the early stage space.

Finally, BrightStar took a more proactive role than ever before in helping develop the ecosystem throughout the state in order to help foster an environment where entrepreneurs launch businesses and receive the necessary support for the venture. One way we have done this is through the Hatch program initiative launched in Central Wisconsin and expanding this year to other parts of the state (see more on page 13). This has us engaging and working with communities to support innovative ideas in their earliest stages. Another way is through our continued work with large Wisconsin companies, such as our ongoing collaboration with Northwestern Mutual’s tech hub initiative or our efforts this year working with Direct Supply’s tech center--especially the company’s efforts to attract an award winning, innovative early stage European company to Milwaukee instead of them re-locating to Boston or San Francisco (the effort was successful and the company is currently transitioning from east of the Atlantic to the western shores of Lake Michigan).

We hope these efforts and so many more result in a stronger ecosystem, a fuller investible pipeline for Wisconsin investors, and possibly even additions to our portfolio in 2018.

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 the following list of new investment groups that were formed in 2017:

- 30 Ventures (Madison)
- Bascom Ventures (Chicago based, but focused on UW system)
- Bold Coast Capital (Milwaukee, Badger Fund of Funds)
- Cream City Capital (Milwaukee, Northwestern Mutual)
- InvestMKE (Milwaukee, Aurora Health)
- Lancaster Investments (Madison)
- Titletown Tech Venture Capital Fund (Green Bay)
- Winnebago Seed Fund (Neenah)

It was another 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 feel free to reach out to Bram Daelemans, the Director of Investment Networks at bram@wisconsinangelnetwork.com.

“BrightStar has been an amazing partner for us in reaching our fundraising goals. They even helped make introductions to VC groups that should be valuable for a future fundraising round. We expect to be piloting our unique processing chip with one or more of the super seven data centers before the end of the year. This infusion of capital will help us build the engineering teams here in Wisconsin we need to be successful.”

- Karu Sankaralingam, CEO of SimpleMachines

Current Investment Partners

BrightStar continues to make great strides in our relationship with multiple Wisconsin capital groups. Our investment model is based on working with these funds or networks throughout the state (and beyond) to deploy more capital into job creating, early-stage Wisconsin companies. Below is a list of capital groups we’ve co-invested with thus far:

- American Family Ventures
- Angels on the Water
- Capital Midwest
- CSA Partners
- gener8tor
- Golden Angels Investors
- Great Oaks Venture Capital
- Greenpoint Tactical Income Fund
- HealthX Ventures
- N29 Capital Partners
- New Richmond Angel Investment Network
- Venture Management
- Wisconsin Alumni Research Foundation (WARF)
- Wisconsin Investment Partners (WIP)
- Wisconsin Super Angel Fund

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.

Introducing BrightStar Wisconsin's 2017 Portfolio Companies



Errand Solutions
Luv Your Life

Errand Solutions (Land O' Lakes) makes employees happy and companies popular. Through their Luv Your Life mobile application, onsite concierges, and a network of local and national vendors, they take care of people's personal to-do lists while they work. They currently offer their one-of-a-kind employee engagement solution to a population of nearly 32,000 people nationwide, with the goal of helping them love their life and live up to their full potential. Throughout their 18 years of business, they've assisted more than 3.9 million people, ran 7.2 billion errands and saved their users 2.7 billion hours.

Exit 7C

Exit 7C (Milwaukee) is modernizing the work experience for fleet drivers by streamlining how they pay for fuel and other expenses. Its first of its kind mobile app is a secure and hassle-free payment solution, that allows fleet driver's to easily find, track and purchase fuel or repairs using a smartphone. They provide smart expense cards for businesses by automating the entire expense reporting process, helping to eliminate fraud and wasteful spending. They let the companies utilizing their services assign each driver a virtual fleet card. With their virtual card, the company can limit their drivers to a set budget, with specific work hours and limit their purchases to only approved merchants.



Exit 7C also provides a real time centralized dashboard for full control of the entire expense process. All purchases made with their expense cards appear instantly in the web dashboard, so their customers can see who is spending company money, where they're spending it, and how often, all in real time. This all makes tax and expense reporting easy. The companies and their employees are all more productive when things are seamless. With Exit 7C services, integration automatically push tax and expense reporting directly to the customers preferred accounting system.



HuTerra (De Pere) offers a technology platform that empowers consumers to more efficiently support nonprofits and local businesses in their community. Once a consumer downloads the HuTerra app, receipts from purchases made at participating local stores, service stations, or restaurants can be scanned by their smartphones and a set percentage of that purchase gets automatically allocated to that consumer's selected charity.

Nonprofits have an easy way to engage their supporters to raise funds for their charity. It allows their supporters to extend their ability to support their mission by providing a continuous reoccurring fundraising tool. HuTerra's platform tracks the businesses and supporters raising funds and eliminates the need to purchase or sell gift cards.



ideawake

Ideawake (Milwaukee) helps brands overcome the engagement gap by crafting unique plans combined with software to connect with those most important to their business. Their solutions empower employees, boost engagement and accelerate the process of collecting and implementing new ideas from inside and outside of organizational boundaries.

At Ideawake, they believe in a world where customers actually drive the development of the products they consume. A world where employees don't just execute corporate strategy but become an integral part in shaping it. They don't just come to their nine-to-five for a paycheck but come to work energized every day because they feel like their job is contributing to something greater than themselves.



Lumanu (Milwaukee) empowers top consumer brands to craft and amplify engaging content for today's digital consumer. Lumanu combines the creative juice of socially savvy influencers with the precision and scale of programmatic advertising. Lumanu makes it easy to build and manage their customers network of influencers and publishers through their proprietary SocialCert protocol. SocialCert enables them to amplify influencer content natively through their accounts, and see actual reach and impressions for all content, including Instagram stories. An added benefit, they automatically vet the network for fake followers and suspicious data.



Most influencer content only reach 10-30% of its intended audience. Lumanu can double their content reach for minimal incremental spend. They leverage machine learning and their proprietary content performance data to amplify their influencer content to people most likely to engage and ultimately convert. Authentic influencer content, when delivered to the right audience via the right channels at the right time, inspires consumer behaviors far beyond social metrics. Built by Stanford and MIT PhDs, Lumanu is the first and only platform to take a quantitative approach to driving consumer behavior with influencer content.

SimpleMachines Inc.

SimpleMachines (Madison) created a new processing chip that minimizes what is required to build a chip whose functions can be altered and customized. The company's technology can significantly reduce costs and energy usage within data centers, while substantially increasing processing speeds

In 2017 SimpleMachines proved that their basic prototype works and already have soft commitments for more than 50% of their next and larger raise.

BrightStar Wisconsin 2014–2016 Portfolio Company Updates



Access HealthNet (Milwaukee) 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 supplying the services.

In 2017, Access HealthNet increased their number of employer customers to greater than twenty and expanded their number of provider locations where a member can receive medical procedures to approximately 5,000. They also enhanced their software technology platform to provide capabilities not available from any other competitor in the industry.



AkitaBox

AkitaBox, (Madison) a location-based SaaS application, tracks what equipment, assets and rooms are in a building, 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. The cloud application combines data with locations to make it simple for building teams to search, share and track building maintenance and construction information from anywhere. By helping maintain these building plans, AkitaBox can reduce fees by up to 75 percent.



In 2017, AkitaBox moved to a larger office and signed three national partnerships that will quickly propel them into new markets. AkitaBox also won two national software awards in facility management and were named one of the 6 Biggest Tech company stories in Madison in 2017. They were also selected as the preferred software for the National BuyBoard Cooperative which is made up of schools in 15 states, potentially doubling or tripling their revenue in 2018.



AltusLearn (Madison) 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 have extensive libraries of Healthcare content for Physicians, Nursing, Imaging and Medical Laboratory Sciences. AltusLearn is currently working with over 70 healthcare institutions throughout the country.



ARCHANGEL DEVICE

Archangel Device (Milwaukee) 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.



The Guardian Angel safety device was initially designed for police officers to provide the same official visibility on their person as they have on their squad cars, and the product has been further marketed and sold to a variety of channels. The Guardian Angel® utilizes the latest LED technology, which makes the wearer visible from more than 2 miles away with a nearly 360-degree radius. Its serves as a superior tool for any function where visibility and hands-free lighting is desired.

In 2017 Archangel Device doubled both unit sales and revenue from 2016, had 3 new patents granted, developed a new device - the Guardian Angel Elite Series - which is half the weight and size of previous models, and launched a new website. The company expects both unit sales and revenue to triple in 2018 compared to 2017.



Bright Cellars

Bright Cellars (Milwaukee) 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 also offers a similar subscription service for cheese that works the same way as its wine service.



In December 2017, Bright Cellars hit their first \$1,000,000 sales month, with year-over-year revenue growing by over 60%. In addition to market expansion in their direct-to-consumer business, they have started partnering with state distributors to get their wine onto shelves and into restaurants. Look for Bright Cellars wines to hit the Milwaukee retail market in Q1 2018.



Dairyvative Technologies (Sheboygan) 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 signed an agreement with a leading dairy company that will use their technology to produce a variety of lactose-free products.



Dairyvative made international headway in 2017 lining up key processors in several countries. An international research partnership exploring business specific practical uses of the technology will conclude in the near-term with a licensing agreement. A strong focus on the use of super concentrated milk in beverages delivered a coffee dispense agreement in Europe. Additionally, Dairyvative was able to secure a 4a export classification in California for SEVENx™ milk concentrate. These developments set the stage for licensing revenues in 2018.

BrightStar Wisconsin 2014–2016 Portfolio Company Updates



Dock Technologies (Madison) improves the effectiveness of healthcare practitioners. The practicalities of care are increasingly difficult, with more weight placed on technologies that distract from the patient. 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.



Their product, the INSIGHT TIMEBAND, creates a line-of-sight cue for the care team showing whether or not they are on track for a given event, process, or care pathway. Simple feedback supports accountability for the care team, and whether it's an emergency department team triaging an acute stroke patient on the care pathway for interventional neurosurgery or a managing a patient's wait time, timely care is quality care.

In 2017 Dock secured their first sales, received three additional patents, and developed the software for their INSIGHT DASHBOARD. They have product trials being conducted in multiple area including the care of stroke patients and patients dealing with sepsis.



EmOpti, Inc.

EmOpti (Brookfield) was founded by veteran 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.



In 2017, EmOpti established a strategic partnership with U.S. Acute Care Solutions as investor/customer and was successfully deployed at two new multi-hospital systems in Pennsylvania and North Carolina. EmOpti also reached 100,000 remote consult milestones and was recognized by Fierce Health as Winner of Digital/Mobile Health 2017 Innovation of the Year in August.



EPS

Engineered Propulsion Systems (EPS) (New Richmond) 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 in 2018. EPS was also a recipient of a contract awarded by the US Air Force.



In 2017, EPS accomplished testing at the USAF's Arnold Engineering Development Center High-Altitude chamber. The EPS engine successfully demonstrated running at altitudes of 30,000 feet, and successfully re-started at 18,000 feet without incident. This was a remarkable feat for a compression ignition engine.



Fetch Reward (Madison) has two products that are both consumer facing. Shop Fetch™ is a mobile platform that allows shoppers to scan their groceries as they shop, take advantage of savings in the platform and experience an expedited checkout process. It's simply the best way to shop. Grocers that offer Fetch™ 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 Rewards is a receipt scanning application that allows shoppers to earn points based on buying certain brands of the company's CPG clients. Users simply send in a photo of their receipt from their smart phone within 14 days of purchase and earn points. Fetch Rewards™ users can exchange their points from any of the gift cards offered on the Fetch Rewards™ applications.

In 2017, Fetch Rewards launched and reached 100k monthly active users in the Fetch Rewards program and over 5 million receipts submitted. Fetch Rewards also signed their first large chain to Shop Fetch™ with Econo (55 stores in Puerto Rico), secured funding for 2017 through Michael Loeb and Loeb Enterprises and created an internal data analytics team. They also expanded office location to include Chicago and New York.



FISHIDY

Fishidy (Madison) was founded by hardcore anglers who love fishing, maps and technology. They came together with a common vision to create a one-of-a-kind fishing resource to ensure all anglers can create memorable experiences on the water. Fishidy delivers this experience through the usage of interactive fishing maps, social connections and tons of proven, valuable information on thousands of waterways across the country. Fishidy Inc. has nearly 850,000 customers from all 50 states and nearly 30 countries with hundreds of thousands of catches and fishing hot spots from around the world.



In 2017 Fishidy acquired the FishingScout app, adding over 90,000 new members and 200,000 new catch records. Fishidy also introduced key new features like Facebook integration and a new "getting started" feature.



Forward Health Group (FHG) (Madison) 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.



In 2017 Forward Health Group doubled its revenue from 2016, launched a new flagship product (PopulationCompass), signed their largest multi-year subscription agreement in the company's history, and were named by KLAS as the market leader in clinician engagement, support for Accountable Care Organizations and Hospitals. They were also issued a patent that grants them broad protection of their tools and solutions in the health care space.

BrightStar Wisconsin 2014–2016 Portfolio Company Updates



FreMarq Innovations (Wausau) 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.



FreMarq'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. These developments have had a very positive affect on FreMarq's business. They were able to double sales in 2017 and are projecting to double it again in 2018.



GrocerKey (Madison) combines robust eCommerce technology, deep eCommerce grocery operational experience, and proven strategies to build a profitable eCommerce business and increase overall digital engagement for enterprise-level retailers.

The GrocerKey team manages and operates ShopWoodmans.com, the eCommerce grocery business of Woodman's Markets (a \$1.7 billion dollar chain headquartered in Janesville) and has more than 50 years of eCommerce grocery operations experience, allowing its customers access to valuable trade secrets and operational insights.



In 2017 GrocerKey revenue grew nearly five times. With current retailers under contract and modest incremental gains, they anticipate growing revenue by at least three times in 2018.



HITLIST's (Milwaukee) 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 2017 HITLIST launched its university product on campuses from Indiana to California while gathering tens of thousands of new users and generating leads for its corporate partners. Their college campus expansion will continue to grow due to a recently announced partnerships with the National Fraternity Conference.



MCT Digital (Milwaukee) 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/teams in the industry in regard to digital finishing, the materials used and their specific best finishing methods.



In 2017 MCT announced a major software productivity enhancement on the first anniversary of its "all in one" VersaTech2 solution at the Specialty Printing & Imaging Expo in New Orleans.



[m]pirik (Milwaukee) 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.



In 2017 [m]pirik closed sales with Beloit Health, Northpointe Surgical Suites, and the first sale of their new product, Cardiac Intelligence, to Providence Health. While growing new business, they have maintained 100% client retention, and released a case study with Children's Hospital of Wisconsin. Their platform was certified as a Qualified Clinical Data Registry, allowing [m]pirik to further differentiate themselves in the marketplace. They are also finalizing a co-development contract with a prominent client in Wisconsin to create a proprietary intelligent patient engagement experience for surgical specialties.



Moxe's (Madison) 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.



In the summer of 2017, Moxe launched Convergence, their new framework for bi-directional data sharing between health care payers and providers. They also expanded their footprint and implemented partnerships with health systems operating in 21 states.

BrightStar Wisconsin 2014–2016 Portfolio Company Updates

OKANJO

Okanjo (Milwaukee) is a Native Commerce company, focused on transforming content into commerce. Okanjo's Product Match technology analyzes online publisher content and pairs it with relevant products. These products can be shopped for instantly, allowing readers to purchase without leaving their content. The right product is in the right place at the perfect moment. Okanjo works with premium online publishers, major media companies, and a variety of top brands.



Okanjo continues to collaborate with Lee Enterprises to test their technology. Traffic has more than quadrupled and monetization of that traffic is exceeding expectations. They are working on syndicating that information and expect to sign contracts with numerous publishers in 2018.

ONKÖL

ONKÖL (Milwaukee) is a company that improves 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 rolled out their sales and marketing plans in 2017 and are fulfilling orders and generating revenue with initial customers testing the units from Arizona to Wisconsin to Florida. Their new functionality has been enabled and includes new healthcare peripherals, and full audit capability for healthcare professionals. They currently have 12 patents filed, and another 12 are being processed.



Phoenix (Monona) 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. The company has received over \$12MM in grant funding over the past decade from the US Departments of Defense and Energy and currently has contracts to supply the US Army and SHINE Medical, among others.



In 2017 Phoenix tripled their revenue and doubled their backlog. They also doubled their staff and manufacturing floor space to accommodate the growing work load. In August they closed a \$12 million financing round to further accelerate growth of the business.

PINPOINT SOFTWARE

Pinpoint Software (Madison) improves the business operations of organizations in grocery, convenience, retail and franchise chains. They have two software products, Date CheckPro (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.



In 2017, Pinpoint expanded Date Check Pro to a total of 160 stores, and Taskle to 553 stores. The biggest advancements of the year include launching Date Check Pro 2.0, gaining a multi-store pilot with Raley's in California, and expanding the team to include a Director of Sales.



Project Foundry (Milwaukee) is the leading open workflow, cloud-based platform for schools and teachers in grades K-12 that practice individualized, inquiry-based, collaborative, and hands-on learning methods. Students learn the life skills needed for meeting the challenges of the 21st Century Economy. Over 50,000 students and teachers in 26 states and 4 countries have created 1/2 million learning experiences using Foundry.



Their customers already include nationally recognized innovators in schools. An important inflection point occurred as 25% of their new customers are districts with multiple schools such as Minneapolis Public Schools, Eagle County in Colorado, and Orange North Supervisory Union in Vermont.

QUIETyme

Quietyme (Neshkoro) 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.



In 2017, Quietyme signed an exclusive agreement with Medline to distribute their product across the U.S. to hospitals. This is extremely important as Medline has relationships with 98% of the hospitals in the country.

BrightStar Wisconsin 2014–2016 Portfolio Company Updates



Rent College Pads (Milwaukee) was created to solve a problem that college students across the nation face every year. Their mission to facilitate the housing hunt for students has been received extremely well by students, universities, and landlords. In their early years, their unique approach to providing this resource has garnered the attention of the media as an emerging leader in the new niche market of off campus housing resources.

Rent College Pads is providing service across 75 campuses nationwide. They have developed a proficiency in the college niche, with demonstrated success through their conventional business model, and their ability to modify that model to meet the universities specific needs. Their marketing methodologies historically result in over 70% of the students living off-campus using Rent College Pads in their off-campus housing.



SHINE Medical (Janesville) is a company that will manufacture the medical isotope Mo-99 which is used in the diagnosis of the two biggest killers of Americans today: both heart disease and cancer. SHINE plans to build a plant in Janesville, WI to produce Mo-99 without the use of a nuclear reactor (the only current source for the isotopes). Over the course of its lifetime, it is expected that the products from this facility will have a positive impact on the lives of over 1 billion people. SHINE's technology is greener, safer, and cheaper than existing production methods and addresses a massive and emerging global need.

In 2017, Shine was awarded \$10 million 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.

They also grew their team to 62 employees, the majority of whom are focusing on completing final design and engineering of the manufacturing facility and preparing for its construction. In addition, they constructed the first building on their site, Building One, which will demonstrate full-size production equipment later in 2018 and then become a technology development center.



Stemina Biomarker Discovery (Madison) is a biotechnology company based in Madison, WI and Cambridge, MA 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 focused on two different business opportunities and operates each as a separate division. NeuroPointDX, the company's diagnostics division, identifies biomarkers of neurological disorders in human samples to identify markers which can be translated to clinical diagnostics, companion Dx/Rx, individualized treatment recommendations and new potential therapies.

The company's toxicology and drug screening business, Stemina, uses its proprietary platform to analyze the small molecules secreted by human stem cells, as well as heart and neural cells made from stem cells, in response to compounds known to cause toxicity. These biomarkers are then employed in Stemina's proprietary tests for testing the safety of new compounds.



Swallow Solutions (Madison) improves the health and quality of life of individuals with swallowing disorders. They 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.



Following a negative decision on their request for a Medicare billing code for their original medical device, they pivoted the company to focus on functional beverages for individuals with swallowing disorders. They filed a patent application for and completed development of novel thickened beverages with protein. They also hired a licensing agent to assist them in finding a company to license their beverage technology.



The Good Jobs (Milwaukee) 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 (Madison & Westby) cutting-edge technology enables the forest products industry to sell round timber to the construction industry, making buildings stronger and forests profitable. They scale the use of low-value trees in commercial construction and de-risked the use of unmilled timber in high-value building markets. They are generating sales nationally and will begin licensing its supply-to-market production processes and software by 2019.



WholeTrees spent 10 years utilizing federal grants, investment dollars and sales revenue to build legitimacy for an abundant forestry by-product in a conservative industry that demands viable solutions. The company's co-founders and early investors saw an enormous untapped market for authentic, place-based building materials that tell story and differentiate the brand of those who use it.

In 2017, the incoming opportunities to quote new projects increasing by an average of 44% per quarter. Their software platform is almost ready to launch and will serve building professionals with the digital tools they need to specify and purchase their products. Their custom product sales are now being complemented by repeatable, standardized sales, with products such as event canopies and solar carports. These products will be sold by sales representatives and through additional sales partnership as building professionals seek greener solutions at the intersection of construction and climate issues.

How Exits and Tax Credits Affect our Foundation

Exits

Exits are the lifeblood of any investment fund. They are also essential for continued progress throughout Wisconsin. Here are three reasons why:

A successful exit expands the capital available for the early stage marketplace: investors have more to re-invest and the exiting entrepreneurs now have the means to become active angel investors themselves and/or begin their next innovative venture. Successful entrepreneurs that choose to invest are often some of the best investors as they possess a better knowledge of specific industries and can often offer advice and connections others cannot. No matter the source though, capital is, without a doubt, one of the essential elements that fuels an innovative entrepreneurial ecosystem, and exits generally greatly enhance the pool available.

Additionally, exits are also important for geographic regions and innovative ecosystems for psychological reasons. When people see success and hear the stories, they believe more success is possible. This breeds more involvement and engagement by individuals and businesses with start-up entrepreneurs and technology. Behavior and culture can be shifted because of these psychological factors.

Lastly, successful exits supply that same area and ecosystem with the experienced and quality talent coming out of the exiting company that can be leveraged by corporates or other small and early stage businesses. A more vibrant ecosystem allows an area to attract and retain necessary talent for continued effective economic growth. With each new growing company in its portfolio, BrightStar and other community leaders are relying on this expansion of talent for Wisconsin to reach its innovative potential over the next generation.

Exits and BrightStar

BrightStar is no different than other investment funds in needing exits, but as we pursue our mission for Wisconsin, they mean so much more to us for all the ecosystem benefits stated above. Our legacy is driven by exits in the long-term because of the expansion of capital and their transformative effects (both on psychology and talent). Catalyzing the cycle of ideas, investment, innovation, growth, returns, and especially quality job creation through the availability of early stage capital is the core of our BrightStar mission.

This is why we have developed an investment structure for the Foundation that maximizes the amount of each donated dollar that goes to support Wisconsin entrepreneurs, innovation, and the ecosystem. BrightStar is purposefully a lean organization that also monetizes available QNBV tax credits (see below) that it is awarded as an investor to allocate more capital into the space. This is what makes our philanthropic model immediately extraordinary – the potential for every dollar donated to us results in more than one dollar invested into Wisconsin early stage companies. Beyond that, our eventual returns have a compounding effect from the original donation as every dollar gained via exits is rolled right back into more Wisconsin entrepreneurs to kick-start the process over again and again. This results in more capital to fund companies, the changing of culture, and the necessary development of talent to support it.

Qualified New Business Venture Tax Credits

Virtually everyone actively involved with early stage entrepreneurship and investment across the state agrees that the Qualified New Business Venture (QNBV) tax credit program sponsored by WEDC has been a positive force in getting more capital invested into Wisconsin innovative companies. The program is quite simple. If an early stage company gets certified as a QNBV with the state, then investors can be awarded a 25% state tax credit on each dollar invested in that company for equity up to a specified cap. For example, if an individual angel or a fund invests \$100,000 into a QNBV, they have the ability to be awarded \$25,000 in credits if the QNBV company has not already hit its maximum allowable credit amount. This helps to mitigate the risk of early stage investing and thus incentivizes investors to deploy dollars into Wisconsin companies. It facilitates efficient investment and the re-investment of capital right back into the early stage ecosystem—the core purpose of the program. For those readers who are prospective angel investors, please be aware that these tax credits might be available to you.

Additionally, this program is especially important to BrightStar. As an investor, we have a right to receive credits but have no tax liability to use them against, but as a certified fund, we have the ability to sell the credits. We have done this quite effectively over the past 3 years. For potential financial supporters of BrightStar, it is the QNBV tax credits that allow us to invest into Wisconsin entrepreneurs at a rate of more than \$1 for each \$1 donated to the Foundation, and that is even before the anticipated returns from exits within the portfolio. It's exciting to offer a multiplying effect for Wisconsin!

BrightStar Portfolio Companies in Memoriam

The early stage investment world is one of risk and reward. It is an entrepreneurial space, at times fraught with dangers at every turn... competition, technology risk, funding concerns, intellectual property challenges, and more. BrightStar applauds those who have the fortitude to enter it. This is the first year we have lost companies in our portfolio due to them closing their doors. Undoubtedly there will be more, as it is part of the equation necessary for success. We will update you when this happens, so we can celebrate their efforts and also show the many obstacles and struggles early stage entrepreneurs face along the way. Here are the stories behind the two that didn't make it.

FloraSeq: This company was founded by two extremely capable PhD's who spent over two years of their lives and significant amounts of their own money trying to perfect an ingestible capsule to treat deadly gastrointestinal diseases. The team received innovation awards and other praise and in early clinical trials saw some patients enjoy truly life changing benefits. Nothing in trade publications, conference abstracts or industry meetings would have suggested that two prominent physicians in the space with non-public game changing funding would suddenly arise with substantial research to jeopardize FloraSeq's anticipated head start on the market. This is what occurred, and despite the early clinical successes, the management team made the difficult and high-integrity decision that taking in additional investment and proceeding was not the best use of capital resources. The company ceased operations in December.

Beekeeper Data: We invested in Beekeeper in 2014. It was a software company that rolled out their platform to allow businesses to easily communicate metrics to employees and customers. The company found clients used their system in a pilot setting but had trouble converting them to paying customers. Beekeeper's smaller customers used mainly free open source alternatives and larger size customers bought full solution packages from national competitors--the team could not crack the medium sized client opportunity and ceased operations in August.

Plans for HATCH 2018

HATCH Expansion Plans

After the successful launch of the HATCH entrepreneurial pitch program in the central part of the state we felt that we had proven the viability of this new initiative. The feedback that we have received had been almost entirely positive and gave us confidence that expanding the program was a worthy endeavor. We decided to apply for a Capacity Building Entrepreneurial Support Program Grant that was being offered by the Wisconsin Economic Development Corp. Fortunately WEDC agreed with our expansion plan ideas and awarded us a \$65,000 matching grant.

The proposed 2018 HATCH plan is to bring the program to three distinct regions of the state. The first region will be a continuation of the program that we launched in central Wisconsin. We also heard from numerous cities around the state that wanted us to bring the HATCH program to their communities. Four regions around the state are being evaluated and we will be announcing our two new markets and details on our pitch programs in spring.

BrightStar collaborated with NEWaukee on the development of the HATCH program and they will provide the same services for the expansion plans as they did for the launch of the program. These services include program management, promotional strategy development and implementation, network alignment and event logistics.

All of the HATCH events will have representatives from local, regional and state support organizations in attendance and will offer an opportunity to interface with not only the individuals or companies that are pitching, but with all of the entrepreneurs at the events. In each region, we are planning three pitch events and a regional finale. Preliminary winners will receive \$2,000 and regional winners will receive a \$5,000 cash prize and other valuable services from our promotional partners.



The short-term goal is to educate people on the entrepreneurial services that are available in their region and use HATCH to deliver that message. We want to encourage them by providing a platform to pursue their dreams and possibly win a cash prize to assist in the early development. The long-term goal is to have the entrepreneurs that participate in the program advance their businesses to a point where they are candidates for early stage investment, and/or acceptance into accelerator programs. If they meet all of our investment criteria, we would consider investing in them ourselves or try to connect them to other groups that might be able to assist them.

"By taking a collaborative and experiential approach to building an ecosystem around ideas and entrepreneurship, we are seeing that community support continues to grow."

- Jeremy Fojut, Chief Idea Officer of NEWaukee



Entrepreneurs in all three regions will benefit from the HATCH program, as will many other existing early stage startups. The publicity these events receive will attract people from both groups. They will want to find out more about the program and the entrepreneurial resources that have aligned their organizations with HATCH. Eventually over time, these efforts will become helpful for entrepreneurs in later stages of development as the ecosystem becomes more connected and robust.

Schedule for HATCH 2018

January - February:

- Design Program Plan & Promotional Strategy
- Research potential new regions for expansion
- Evaluate support partners and funding sources
- Re-engage previous central Wisconsin partners
- Secure additional partnerships and sponsors

March - April:

- Finalize plans and announce the new regions
- Build a new stand-alone HATCH website

May:

- Hold first round of local pitch events, one in each region

July:

- Hold second round of local pitch events, one in each region

August:

- Hold third round of local pitch events, one in each region

September - October:

- Select additional semi-finalists that will pitch along with winners in the regional finales
- Work with all presenters to help them fine-tune their pitches for their regional finale

November:

- Hold three regional finales, possibly tied into StartUp Week

December:

- Evaluate program and make plans for 2019, including possible additional expansion to other parts of the state



"BrightStar's Vision, Newaukee's Leadership and Central Wisconsin Chamber's Partnerships, through HATCH, escalated the entrepreneurial spirit in each community."

- Todd Kuckkahn, Executive Director, Portage County Business Council



Did You Know?

In 2017, HATCH had:

- 239,933 social media impressions
- 24,291 website visits
- 818 attendees
- 39 local and national stories
- 80 business ideas submitted

BrightStar's Board & Investment Committee

BrightStar's 2018 Board

BrightStar is pleased to introduce our 2018 Board of Directors and Officers. We are extremely fortunate to have had an exemplary team since our 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 BrightStar Chairman
Anthony Handzlik BrightStar Secretary & Partner, Reinhart Boerner Van Duren S.C.
Daniel J. Matola BrightStar Treasurer & Senior VP, RMB Jacobus

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

Investment Committee

BrightStar is also pleased to introduce our 2018 Investment Committee. We want to welcome our newest member, Jay Wigdale, founder of Lakefront Partners, and thank all of the members for their contribution to our success.

Mark Burish is a co-founder of the Madison, Wisconsin law firm of Hurley Burish & Stanton, S.C. where he is a past president, attorney and director. His other business activities include serving as president and founder of Milestone Senior Living LLC, chairman of Sonic Foundry Inc., and a director of Monona State Bank and the Mortenson Investment Group.

Pam Evason, CFA, CPA is Managing Director of Windermere Wealth Advisors, a wealth management firm she co-founded in 2010. Pam spent the first nine years of her career in public accounting and holds an undergraduate and graduate degree from UW Madison. Pam serves on several non-profit boards, including ACTS Housing and SecureFutures.

Jonathan Fritz is the Chief Strategy Officer and Director of New Ventures at Symphony Corporation. Jonathan is a recovering patent and tech start-up attorney and past partner of a large Midwestern law firm, where he was a member of the venture capital and intellectual property law groups. He serves on the Boards of the Wisconsin Technology Council and Madison Symphony Orchestra.

Jeff Harris is an investor in and board member of Somna Therapeutics and OKANJO Partners, Inc., early stage technology companies located in Wisconsin. He is an investor and board member of Guy & O'Neil, a Wisconsin manufacturing company, and a director of AMN Healthcare Services, Inc., a healthcare staffing company based in San Diego (NYSE: AHS). He has served as a director of Sybron Dental Specialties, Inc. and Apogent Technologies Inc.

Lorrie Keating Heinemann is President & CEO of the Madison Development Corporation. She recently served as BrightStar's Vice President and is the co-founder and Past Chairman of the Wisconsin Angel Network. She was the Banking & Securities Commissioner (DFI Cabinet Secretary) for 8 years under Governor Doyle. Lorrie has her MBA in Finance from UW-Oshkosh.

Lisa Johnson is CEO of BioForward. She served 3.5 years as WEDC's vice president for entrepreneurship and innovation. Before joining WEDC, Johnson worked in the biotech industry for 22 years. She held executive positions at Novagen Inc. and EMD Biosciences Inc., the North American life sciences division for Merck KGaA. She also, as chief business officer, raised equity funding for Semba Biosciences, a life sciences instrumentation company.

Dan Matola, CFA is BrightStar's Treasurer, and Senior VP with RMB Jacobus. Previously he served as President and Chief Investment Officer of Jacobus Wealth Management, responsible for leading the organization's investment advisory and wealth management process. He holds a degree in finance and has earned the right to use the Chartered Financial Analyst designation.

George Mosher is Wisconsin's second inductee into the Investor Hall of Fame. As president of National Business Furniture for 30 years his company was purchased by K&K America for nearly \$100 million in 2006. Over the past decade he has made more than 250 angel-type investments. He is a graduate of the Harvard Business School.

Michelle J. Picard, CFA is an active early stage investor. Ms. Picard recently retired from her position as Principal, Portfolio Manager, at Henderson Geneva Capital Management. She joined Geneva Capital in 1999, which was acquired by Henderson Global Investors in 2014. Ms. Picard co-managed over \$6 billion in assets under management. Prior to joining Geneva, she worked for Strong Capital. Ms. Picard has a BA in Economics and Psychology from UWM.

Jeff Rusinow is an angel investor who founded the Silicon Pastures Angel Network after spending 22 years in retail management with Gimbels, Macy's and Kohl's. He has been Chairman and lead investor in two startups acquired by Fortune 500's and lead investor in various start-ups. His angel investment handbook is called, "What I Really Think: The Business Chapters"

Tom Shannon has been the chairman and a lead investor in Proxim Diagnostics Corp., Somna Therapeutics LLC, and Aver Informatics Inc. He was most recently CEO of biotech company Prodesse Inc. He has served as a director of the Wisconsin Angel Network, Promentis Pharmaceuticals Inc., Stemina Biomarker Discovery Inc. and OKANJO Partners Inc. He has been recognized by BizStarts Milwaukee as their Inspirational Entrepreneur recipient and was inducted into the Wisconsin Investor Hall of Fame in 2017.

Andy Shrago is Chairman of the Board of Proxim Diagnostics Corp. He also serves as a board member for Pinpoint Software and HDL Diagnostics. From 2011-2016, he was a co-manager of the Madison based Wisconsin Investment Partners angel network. Prior to that, he was Senior VP of Sales and Marketing for Prodesse that was sold to Gen-Probe for \$72 million. Andy has an MBA from the University of Chicago and a BA from Cornell University.

Jay Wigdale is founder of Milwaukee based Lakefront Partners. Launched in 1998, Lakefront makes investments in early stage companies in business/ healthcare services and technology. He has served as a director for LogicStream Health, Ability Network, Diversinet and recently joined Stowell Associates Advisory Board. Prior to Lakefront, he worked for Robert W. Baird in institutional equity sales. Jay is a graduate of Miami(Ohio) University.

Todd Sobotka is our Committee Chair. He has a law degree and has spent the vast majority of his professional career with early stage and small businesses as an owner, advisor, consultant, and/or part of the leadership team. He has personally been involved with start-ups in biotech, hi-tech, and SaaS spaces.



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.

710 N. Plankinton Avenue, Suite 340
Milwaukee, WI 53203
www.BrightStarwi.org
414-224-6000