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## WisBusiness.com: The Show

Latest 'WisBusiness: The Show' features WMC Foundation's Jim

## New look, new partnership

The eVestor has a new look and an exciting new partnership with the State of Wisconsin Investment Board (SWIB) as the primary eVestor sponsor. Look for more information in this eVestor about SWIB's recent commitment to early stage financing. If you or your organization is interested in partnering with WAN, please contact [Zach Brandon](#).

## New logo



Interested in the anatomy of the Wisconsin Angel Network rebrand? Click [here](#). WAN was launched in January 2005 to serve as a source of deals for Wisconsin investors, to assist with creating angel networks in Wisconsin, and to provide education and networking opportunities for angel investors. WAN connects entrepreneurs to investors and offers tools and education on raising capital. Access these for free

by visiting our redesigned site: [www.wisconsinangelnetwork.com](http://www.wisconsinangelnetwork.com).

## New Chairman

Tim Keane, director of the Golden Angels Network and outgoing director of the Kohler Center for Entrepreneurship at Marquette University, will become chairman of the Wisconsin Angel Network advisory committee.

Keane continues to manage the 65-member Golden Angels Network - one of the largest investor networks in terms of members in Wisconsin. Keane will also teach one class at Marquette and advise faculty about technology transfer.

The Golden Angels are a founding member of WAN.

## New QNBVs

New investments in the following companies may qualify for a 25 percent tax credit from the state of Wisconsin:

**MedTrak Holding Company LLC**, of Wauwatosa brings together patients and imaging systems within the surgical suite or treatment room. The company will offer a ceiling-mounted transport system that conveys a patient and their associated anesthesia/monitoring equipment safely from one diagnostic or procedural environment to another.

**Okanjo Partners Inc.**, of Milwaukee is an e-commerce platform that allows buyers and sellers to interact socially and purchase merchandise securely. This results in a unique,

Morgan [Watch here.](#)

#### Previous shows:

[Greg Quam of Project Lead the Way](#)

[WEA Trust President/CEO Mark Moody](#)

## Did you know?

Google spent more than \$500 million to buy 27 companies during the third quarter of this year. Google's latest group of deals raised its acquisition count to 57 companies through the first nine months of the year. That already exceeds Google's previous annual record of 48 acquisitions, reached last year. (Source: USA Today)

## Jargon

**Nimbleton:** An agile, entrepreneurially minded business

## WAN Members

### Investor-members

Appletree Capital  
Baird Venture Partners  
Brady Corporation  
Capital Midwest  
Capvest Venture Fund  
Central Illinois Angels\*  
Central WI Business Angels  
Continuum Investment Partners  
DaneVest Tech Fund\*  
Daycholah Capital  
Golden Angels Network\*  
Illinois Business & Investors Forum\*  
Kegonsa Partners  
Lake Superior Angel Network\*  
Marshfield Investment Partners  
Mason Wells  
MDC Venture Debt Fund  
NEW Capital Fund  
North Woods Angels  
Peak Ridge Capital  
Origin Investment Group\*  
Pennies from Heaven  
Phenomenelle Angels Fund  
Promega Corporation  
Silicon Pastures\*  
St. Croix Valley Angel Network  
Stateline Angels\*  
Successful Entrepreneur Investors\*

interactive, real-time social shopping experience.

**OnScreenBrands Inc.**, of Milwaukee is developing services for streaming video providers that operate through enhanced interactive video.

**Aver Informatics** of De Pere developed a unique software platform for the healthcare industry for pre and post-claim identification of errant or fraudulent claim submissions.

**Frozen Codebase LLC**, of Green Bay is an independent videogame developer established in July 2006.

For a full list of companies certified by the Wisconsin Economic Development Corporation click [here](#).

## Congress re-ups SBIR program, fixes VC ownership issue

Companies that are majority-owned by venture capital firms will once again have a shot at receiving Small Business Innovation Research (SBIR) awards.

House and Senate negotiators reached an agreement this week on reauthorizing the SBIR program for six years and addressing the venture capital issue, a controversy that dates back to 2003. That's when an administrative law judge ruled that small companies majority-owned by VC firms don't qualify as small businesses since they aren't independently owned. That made many small biotechnology companies ineligible for SBIR grants.

Through the SBIR program, the 11 federal agencies with the biggest outside research budgets are required to spend at least 2.5 percent of this money with small businesses. The new agreement, which is attached to a defense reauthorization bill, increases that share to 3.2 percent over the next six years. Read more [here](#).

## R&D tax credits, get 'em while they are hot

The federal research tax credit can be claimed through 2011 pursuant to the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. The research credit generally allows taxpayers to claim a tax credit equal to a percentage of their qualified research expenditures that exceed a base amount for federal and state tax purposes. As such, the research tax credit is a valuable source of support to businesses that conduct qualified research and development (R&D). In 2009 alone, the credit represented an estimated \$5.6 billion federal subsidy for domestic research and development.

In Wisconsin, effective Jan. 1, 2011, the super research credit grants tax credits for current research expenses which exceed 125 percent of the average three years' base expenses. For more information click [here](#).

## Baird Venture Partners, Calumet Venture Fund and others invest \$3 million in Montage

Montage Talent, a Delafield-based provider of video interviewing solutions, has closed a \$3 million financing round led by Baird Venture Partners.

Founded in 2007, Montage is a pioneer in the development of video technology that optimizes the hiring process. Montage connects potential job candidates with employers while driving faster decisions.

Triathlon Medical Ventures  
Venture Investors  
Wisconsin Investment Partners\*  
Women Angels, LLC  
Informal networks: 1

**\*Denotes Midwest co-  
Investment Network members  
along with**

Cornerstone Angels  
Endeavor Capital Management  
Hyde Park Angels  
LaSalle Investments  
Ohio Tech Angels  
St. Louis Arch Angels  
Twin City Angels  
Minnesota Angel Network

**Advisory Committee**

**Tim Keane (Chair)**  
Golden Angels Network  
**Toni Sikes**  
Calumet Venture Fund  
**Richard Leazer**  
Wisconsin Investment Partners  
**Dick Leinenkugel**  
Northwoods Angels  
**Todd Leonard**  
Minnesota Angel Network  
**Tom Still**  
Wisconsin Technology Council  
**David Ward**  
NorthStar Economics

**WAN Staff**

**Zach Brandon**  
Director  
**Jodi Hoesser**  
Conference Director  
**Kari Fischer**  
Program Coordinator

**Newsletter Sponsors**



Baird Venture Partners is a venture capital fund of Baird Private Equity with offices in Milwaukee and Chicago. Montage's existing investors, including Wisconsin-based Calumet Venture Fund, also participated in the financing.

The proceeds will be used to expand the company's client engagement activities, continue technology development and for working capital.

Also recently announced, Baird Capital Partners, the U.S.-based buyout fund of Baird Private Equity, acquired Digi-Star Holdings Inc., a Fort Atkinson-based international manufacturer of agriculture scales and weighing equipment. Financial terms of the deal were not disclosed.

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## HarQen raises \$2.5 million

HarQen Inc., of Milwaukee has raised \$2.5 million in its current \$4 million round of venture capital funding. The purpose of this round is to expand HarQen's Wisconsin-based team, beginning with the addition of a chief intellectual property officer. HarQen has five U.S. patent applications pending and plans to expand its IP portfolio internationally. HarQen is a four-year-old firm in enterprise communications with a focus on collaborative voice services. Since 2007, HarQen has created 25 jobs in Wisconsin. Read more [here](#)

HarQen was also recently featured in a CFO magazine story, read it [here](#).

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## Aquamost raises \$3 million, plus \$1 million SBIR grant

AquaMost Inc., a developer of innovative water purification technology, has secured \$3 million in a second round of venture financing, with participation from the Golden Angels Network of Milwaukee, and Inventure Capital and Wisconsin Investment Partners of Madison. In addition, the company has been awarded a \$1 million phase II Small Business Innovation Research grant from the National Institutes of Health.

AquaMost is developing an advanced water treatment technology invented at the UW-Madison. Applications for the company's technology include purifying drinking water, remediating groundwater contaminated by chemicals and cleaning the water used for natural gas drilling - an application that shows particular commercial promise.

The latest financing round brings the total raised by AquaMost to \$5.3 million. The money is being used to engage commercial partners and hire additional employees. The company has gone from three to 12 employees in the past year and its workforce is expected to total 25 a year from now. Read full news release [here](#).

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## 7Summits attracts \$1 million in funding

Milwaukee-based 7Summits has received \$1 million in new funding to fuel the company's next phase of growth. The round was led by Holton Investments Limited Partnership (HILP), a family investment partnership founded by Milwaukee area businessman Tom Holton. Read more [here](#).

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## SWIB continues to see opportunity in early stage

In a move that signals its continued interest in emerging markets in the Upper Midwest,

the State of Wisconsin Investment Board announced Thursday it will commit up to \$80 million to Northgate Capital through SWIB's Venture Capital Catalyst Portfolio.

Northgate Capital is a global private equity firm headquartered in Danville, Calif., with more than a decade of best-in-class investment and fund partnerships. The commitment allows SWIB to access and invest in Northgate's top-tier venture capital fund relationships.

The commitment also enables SWIB to pursue a Midwest and Wisconsin development strategy, as identified in past SWIB reports and other independent studies on the region's largely untapped venture capital investment opportunities. See full news release [here](#).

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## Deals, acquisitions and exits

[Virent](#) continues to make headlines with their crude oil replacement products and a [partnership with The Coca-Cola Co](#) to produce no-petroleum bottles.

[BPC finalist Amy Recob of Middleton](#) teaches children how to manage food allergies.

[Hartland start-up Lightweight Structures and AquaMost](#) were two of five finalists in the Midwest clean-tech competition.

[Promega breaks ground on \\$90 million expansion](#) Backhoes will begin moving dirt for a new building at Promega Corp.'s Fitchburg campus - the biggest building yet for the privately owned biotechnology company.

[Aver Informatics](#), a DePere company, has raised \$1.3 million in angel financing.

[Anteco Pharma](#) is breaking ground on a 25,000-square-foot addition to its manufacturing facility in Lodi, Wis., just north of Madison.

[Middleton biotech Lucigen](#) has been awarded \$350,000 in grants from the National Institutes of Health to fund additional research and development.

[Cellular Dynamics International](#), the stem cell company founded by UW-Madison researcher James Thomson in 2004, has won the top prize in the Wall Street Journal's 2011 Technology Innovation Awards. CDI also announced the commercial launch of human iCell® Neurons for use in neuroscience drug discovery, neurotoxicity screens, and other health research. This is the first commercial availability of human neurons, or brain cells, created from induced pluripotent stem (iPS) cells in the quantity, quality, and purity required for life science research.

[Radioisotope maker](#) Northstar Medical Radioisotopes, one of the presenting companies at the Nov. 2-3 Wisconsin Early Stage Symposium, will receive a \$4.6 million federal grant to continue its work toward developing an alternative source for a commonly used medical isotope.

[CPM Marketing Group](#), Madison, has merged with [HealthGrades](#), of Denver. Terms of the transaction were not disclosed. Read more [here](#).

Cleveland private equity firm Blue Point Capital Partners said that has acquired Wisconsin medical components molder Quadra Inc., which primarily does business under the brand name Limtech. Terms of the acquisition of were not disclosed. Read more [here](#).

Faculty members from two UW campuses are forming startup companies to advance their discoveries. Dr. David Lewis, Professor of Chemistry, UW-Eau Claire, is a co-

founder of McDel Topology LLC, which was formed to develop superior anticoagulants. Dan McGuire, a professor at UW-Whitewater, formed Foundry Solutions, LLC to accelerate the production of ceramic shells and therefore reduce the time for fabrication of metal parts.

Fitchburg-based [Stealth Therapeutics](#) said it has [received clearance](#) from the U.S. Food and Drug Administration to market a new type of port for intravenous treatment that is often used with patients who have cancer, infection and other diseases. Stealth was formed in 2006 and has been funded by Kegonsa Seed Fund.

Pharmaceutical company Roche has sold one of its Madison-based divisions to [Arrowhead Research Corp.](#), a California nanomedicine company. Read more [here](#).

Wauwatosa-based Zywave Inc. plans to purchase Winnipeg, Manitoba-based Emerging Information Systems Inc., a provider of needs analysis and financial planning software tools. [Read more](#)

A Madison biotech company, [BioSystem Development](#) LLC, will be acquired by Agilent Technologies Inc., Santa Clara, Calif. The company, which manufactures products to improve protein analysis methods for drug development, raised nearly \$1 million in 2010 from angel investors, including Silicon Pastures. Terms of the transaction were not disclosed. Agilent is publicly traded and BioSystem is privately held. It was co-winner of Wisconsin's first Governor's Business Plan Contest in 2004. Read more [here](#).

[Exact Sciences](#) Corp. said it sold a total of 3,593,750 shares of common stock in a public offering for aggregate gross proceeds of \$28.8 million and received about \$27.1 million of net proceeds from the offering, after deducting the underwriting discount and estimated expenses of the offering payable by the company. Exact will use the proceeds for general purposes that include further product development and support of the company's effort to obtain clearance from federal regulators of its DNA-based colorectal cancer screening product and commercialize it.

Exact also recently announced it had begun a huge test of its non-invasive screening test for colorectal cancer. Over the next 12 to 15 months, Exact Sciences will test more than 10,000 patients between the ages of 50 and 84 at 60 sites around the U.S. including UW Hospital in Madison.

[Nu Skin Enterprises](#), of Provo, Utah, has completed the purchase of LifeGen Technologies, of Madison, for \$11.7 million. LifeGen has been working on discovering the genetic basis of the aging process.

Novelos Therapeutics has [completed a public offering](#) that will net the Madison company \$5.7 million. Novelos sold more than 10 million units at 60 cents each. Novelos, formerly of Newton, Mass., bought Collectar, a Madison company working on cancer-fighting diagnostics and drugs, in April and moved the headquarters here.

Orbital Technologies Corp., Madison, has been chosen to help provide the life support systems for the Dream Chaser, one of the contenders to eventually transport astronauts and private citizens to the International Space Station. Read news release [here](#).

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## Early Stage Symposium: It's a wrap!



The 2011 Wisconsin Early Stage Symposium was held Nov. 2-3 in Madison, where 455 people took part in various aspects of the conference.

Click [here](#) to see a conference wrap-up page, including news conferences, photographs, an attendee list, speakers slides and more.

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## Governor's Business Plan Contest

The [Governor's Business Plan Contest](#) is accepting entries until 5 p.m. Jan. 31, 2012, for its ninth annual contest. Over time, more than 2,000 entries



have been received statewide and finalists have received more than \$1 million in cash and other prizes. Produced by the Wisconsin Technology Council and partners that include the Wisconsin Economic Development Corp., the [Governor's Business Plan Contest](#) engages contestants in a six-month process that includes mentoring and comments from judges on selected plans. The contest also leads to valuable public and media exposure for the best business plans and spurs company creation in Wisconsin. Past finalists have raised a reported \$20 million in private equity, such as angel and venture capital.

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## WHEDA launches new venture fund

The Wisconsin Housing and Economic Development Authority is creating the Wisconsin Equity Investment Fund with \$7 million of federal funding. The fund is being established to increase capital available to venture capital and private equity firms in Wisconsin, with an emphasis on job creation and investment in low income communities. The fund is expected to generate \$70 million in capital investments for Wisconsin small businesses. WHEDA recently collected RFPs from experienced investment managers and will announce the selected manager(s) in 2012.

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## Sec. Paul Jadin on angel and venture capital legislation

"Wisconsin needs a vehicle for responsible, strategic and rapid deployment of early-stage investment capital to spur entrepreneurial business and job growth opportunities. We must recognize that our primary job growth will come from growing the number of businesses in the state, but we do not currently have adequate resources to incent the creation of business because of a critical shortfall in early-stage investment capital." Read full column [here](#).

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## Sen. Tim Cullen on angel and venture capital legislation

"A venture capital bill is an effort not often seen in the Legislature-enacting something that will create jobs further down the road, in the one- to five-year range. Governors and legislators too often can't see past the next election, so long-term thinking and planning is a refreshing change." Read full column [here](#).

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### Legislative updates

#### State

One of WAN's key policy objectives, the passage of [Assembly Bill 20](#), continues to move forward. This is an important piece of legislation that makes the Accelerate Wisconsin (Act 255) investor tax credits refundable. This would bring Wisconsin's law in line with Nebraska and Minnesota, and create an additional incentive to leverage private investment in Wisconsin-based companies. The bill applies to both the early stage seed (venture) fund and angel investment tax credits.

The bill was identified by Gov. Scott Walker for consideration during the special session that ran through the end of November. While the legislation did not make it to the floor of either chamber, it was passed out of the Assembly Committee on Jobs and the Economy on a 9 to 5.

Those voting against were: Representative Endsley (R-Sheboygan), Representative Kapenga (R-Delafield), Representative Klenke (R-Green Bay), Representative Kuglitsch (R-New Berlin), Representative Krusick (D-Milwaukee)

On the larger growth capital (both angel and venture) effort, there continues to be disagreement between the Assembly Republicans and nearly everyone else. The Assembly Republican leadership is still focused on the inclusion of a CAPCO program in the legislation. This appears to be a non-starter for the Assembly Democrats, the Senate Republicans and Democrats, and the Governor.

The Governor has proposed a \$100 million fund-of-funds approach that includes an angel sidecar fund that seems to be gaining traction and could be introduced as early as next month. The legislature's next floor period begins Jan. 17, 2012.

#### Federal

The U.S. House of Representatives recently passed two bills, which, if passed by the Senate and signed by President Obama, could help startups raise capital.

Last month, the House passed the "Entrepreneur Access to Capital Act" (HR 2930). The bill passed by an overwhelming vote of 407 - 17 and received [White House backing](#).

The bill allows start-ups and other companies to conduct public stock sales of up to \$2 million per year without first registering the securities with the Securities and Exchange Commission (SEC). At present, companies can bypass SEC registration only if the offering meets very specific exceptions.

The House also passed, voting 413 for and 11 against, a bill (HR 2940) allowing start-ups and other companies to advertise private stock offerings to the general public, such as over the Internet. Currently, firms can publicize these tightly controlled offerings only to a limited number of "accredited," or wealthy, investors. This bill would give the non-wealthy an opportunity to also take the risk of buying into start-up ventures, while putting a \$10,000 limit on an individual's stock purchases.

The bills further an investment practice known as crowd funding, a strategy currently used charities, artists, politicians and some restaurants to raise capital.

*Voting yes:* Paul Ryan, R-1st, Tammy Baldwin, D-2nd, Ron Kind, D-3rd, Gwen Moore, D-4th, James Sensenbrenner, R-5th, Tom Petri, R-6th, Sean Duffy, R-7th, Reid Ribble, R-8th

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## ACA's statement on crowd funding



ACA's Board adopted a statement of support for federal crowd funding legislation on Dec. 2, 2011. Read full statement [here](#).

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## On the wings of angels

Angel investments in Q1,2 2011 showed signs of slight growth with total investments in Q1,2 2011 of \$8.9 billion, an increase of 4.7% over Q1,2 2010, according to the Center for Venture Research at the University of New Hampshire. A total of 26,300 entrepreneurial ventures received angel funding in Q1,2 2011, a 4.4% increase from Q1,2 2010. Read full report [here](#), press release [here](#)

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## Minnesota has good news to distract from the Viking's season

Minneapolis will be home to a \$355 million investment fund targeting businesses in the clean-tech. Warburg Pincus announced that it will invest in First Green Partners, a newly formed early-stage venture capital company. First Green will make initial investments of \$500,000 to \$10 million in each emerging technology and up to \$100 million in a single business as it commercializes. First Green plans to do 10 early-stage/seed deals over the next three to five years.

NDI, a leading venture capital and neurodevice commercialization company has opened a Minneapolis, Minn. office, a third major location in addition to its Cleveland, Ohio headquarters and North Carolina Research Triangle facility. The Minneapolis office will be run by medical device industry veteran Mark Stultz, NDI's recently hired vice president for market development.

BTW, all of Minnesota's [Angel Tax Credits](#) for 2011 have been allocated.

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## Not quite as good at the Packers being undefeated, but we'll take it

Wisconsin ranks #1 in the recently released Pepperdine Private Capital Markets Project - STATE OF SMALL BUSINESS REPORT for the highest revenue growth for small business in last 12 months at 4.35%. Average was -1.5%. Wisconsin also ranked #2 for Bank-loan success at 70%, average was 50.3%.. Read full report [here](#).

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## Upcoming Events

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**WIN Milwaukee** - Topic TBD  
January 12, 2012

**WIN Northeast** - Topic TBD  
January 18, 2012

**[WIN Madison - Continued growth of Epic Systems](#)**  
January 24, 2012

**[WIN Milwaukee - Crowd funding: Mob rule or empowering the masses](#)**  
February 9, 2012

### **[2012 ACA Summit](#)**

March 6-8, 2012, Austin, Texas

The 2012 Summit is designed for all members of angel groups, both group leaders and individual members, interested in building their investment skills and networking with angels from throughout the United States and Canada, as well as other parts of the world. The best ideas and even deals come from talking with other angel investors at the conference. ACA members receive a \$300 discount on registration, and anyone who registers before Jan 15, 2012 receives an additional \$50 early bird discount.

The ACA Summit will be held just before **[South by Southwest Interactive](#)**, a global event focused on international technologies. SXSW Interactive starts on March 9th.

### **[2012 Entrepreneur's Conference](#)**

The Pfister Hotel, Milwaukee  
June 5-6, 2012

*Please share eVestor with others; if you're not on our e-mail list, [click here](#) to join.*



Zach Brandon ■ Director ■ Wisconsin Angel Network ■ +1(608) 442-7557

Spark (entrepreneurs) + Fuel (early-stage investment capital) = Ignition (economic growth)

Brandon was recently named to the 12-member Public Policy committee of the national Angel Capital Association.

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