



Illinois

VENTURES LLC

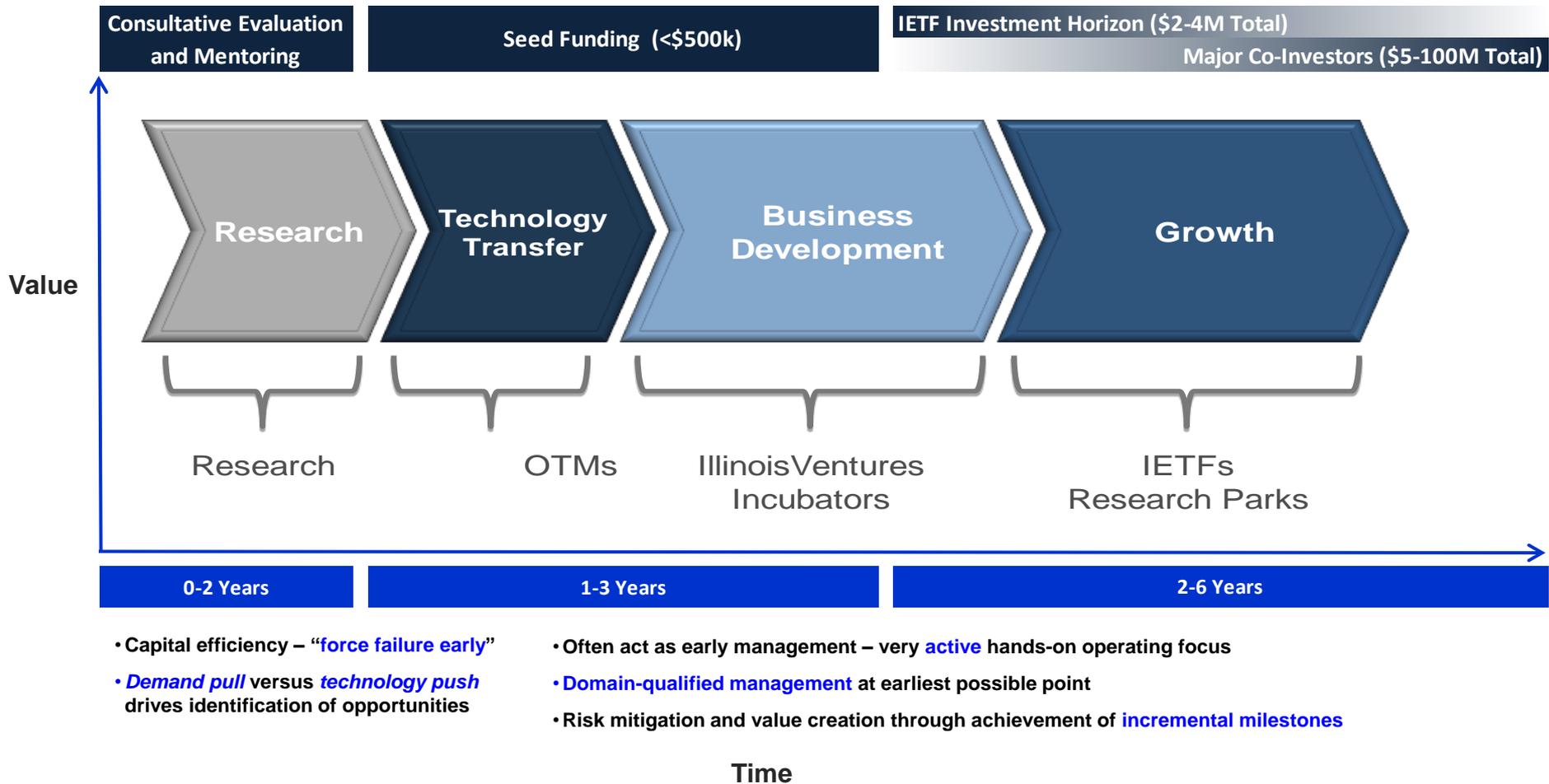
Growing STEM businesses with IL roots
prepared for



October 2014

Disciplined venture investment model

UI system components collaborated for success



- Capital efficiency – “force failure early”
- *Demand pull* versus *technology push* drives identification of opportunities

- Often act as early management – very **active** hands-on operating focus
- **Domain-qualified management** at earliest possible point
- Risk mitigation and value creation through achievement of **incremental milestones**

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Impact assessment

- ***Established leading contribution to bridge the “stage-gap” in IL***
 - National VCs invested 2-4% of funds in IL companies, IL-based VCs invested 15-18%
 - By contrast:
 - Over **90%** of IV projects were IL-derived at investment
 - Over **70%** of active projects IL-based
- ***Strong synergistic impact with UI system componentry***
 - IV start-ups represented the significant majority of capital raised by UI, UIRP start-ups
 - IV start-ups had paid **\$7.4M** in patent reimbursement
 - Numerous graduates into Park and CU community
- ***Leverage on public investment was significant***
 - Attracted over **\$750M** in third-party co-investment capital
 - **13X** “Multiplier effect” on IV and IETF investment
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- **Frequently collaborated w/ neighboring Universities exploring similar efforts**

University of Minnesota	University of Akron
Northwestern University	Indiana University
University of Maryland	Purdue University
Iowa State	Michigan State

- **Supported development of numerous other State efforts**

MI Development Fund
DCEO Invest IL Venture Fund

Case Study



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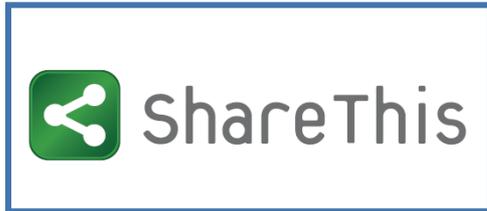
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Deputy Director, DCEO

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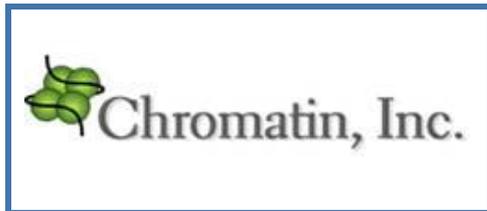
Portfolio Highlights



- Standard for cell measurement
- Sold to **SONY** of America, 12/09



- Largest content sharing platform
- 26B views, 2.5M publishers



- Leading sorghum platform
- Deploying globally



- World record solar efficiency
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Lessons learned (micro)

Long sustained effort is required

- **Gap between research and product is enormous**
 - *There are few if any commercial “ready” technologies*
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 - *Need customer-defined form factor, reproducible techno-economics*
- **Initial IP is just a starting point**
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 - *Domain-qualified leadership in place at earliest possible point*
 - *Industrially-experienced technical staff, practicing industrial analytics*
 - *Investment partners with domain expertise and research-derived investing experience*

Lessons learned (macro)

An exciting time to pursue technology projects in the Midwest

- **Creating shareholder value is the goal – the rest are secondary effects**
 - Policymakers/programmers should know active investors and their portfolio companies
 - Three Key Inflection points – Funding, Facilities and People
 - Coordinated fund-of-funds, Pension fund reporting, tax credit programs
 - Faster permitting, match funds, loan guarantees for pilot, demo facilities
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- **History (CA) shows regional cooperation is key**
 - Built on decades of activity
 - Investment across a range of industries lessened impact of sector downturns
 - Multiple hubs (Silicon Valley, San Diego, Orange County) meant broader impact
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- **Investor perception that global class business can't be built here is fading**
 - Research strength, industrial base now in high-value sectors
 - Top-tier firms more active in Midwest
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Final thoughts

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--Karl Marx's Mom



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BlueCross BlueShield Venture Partners

The current gig

Minority investments in emerging healthcare companies of strategic relevance to the Blues

- Fund I
 - \$116 million in commitments from 11 Blue Plans, formed in July 2008.
 - Fund I is fully invested and reserved with 12 portfolio companies.
 - Two early, successful exits with Bloom Health and Initiate Systems.
- Fund II
 - \$189 million in commitments from 21 Blue Plans, BCSF and BCBSA, formed in April 2011.
 - Fund II has made 11 investments and is approximately 50% invested and reserved.
 - Actively sourcing new investments.
- Over 60 Blue partner commercial contracts, representing over \$500M in annual revenue



BlueCross BlueShield Venture Partners

Portfolio Highlights

Company

Description



Helps employers and health plans transition responsibly from a defined benefit to a defined contribution model for health insurance and related services.



Master data management for Plans and other enterprise customers.



“Lab-in-a-box” that performs 3,000 lab tests in 20-40 minutes using a finger prick of blood. Large pricing discounts from Medicare reimbursement rates.



Non-invasive assessment of coronary blood flow to eliminate the need for unnecessary catheterizations and medication, which cause over \$3 billion in medical costs per year.



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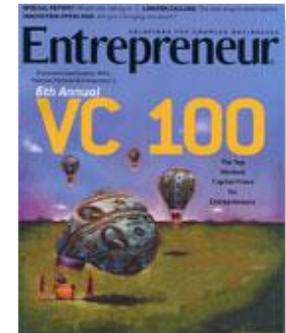


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Illinois Ventures, LLC

Seed and early-stage, research-based Midwest investment

AUM	\$65 million <ul style="list-style-type: none">• <i>Seed evergreen fund (Public)</i>• <i>IL Emerging Technologies Funds (Private)</i>								
Stage	Seed & early-stage venture capital								
Focus and Geography	Research-derived investment in IL and the Midwest								
Meaningful Impact	<table><tr><td>Companies seeded:</td><td>74</td></tr><tr><td>Early-stage funding deployed:</td><td>\$62M</td></tr><tr><td>Third-party co-investment attracted:</td><td>\$750M</td></tr><tr><td>Jobs created</td><td>>600</td></tr></table>	Companies seeded:	74	Early-stage funding deployed:	\$62M	Third-party co-investment attracted:	\$750M	Jobs created	>600
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2005-2010

1 regionally

#23 nationally

innovosource

- **Trend setter, leader among University-related funds**
- **Their successful strategy put a meaningful dent in the daunting challenge of driving growth in a tough economic setting.**
- **Represent 17% of all companies launched and all third-party capital raised by funds studied**

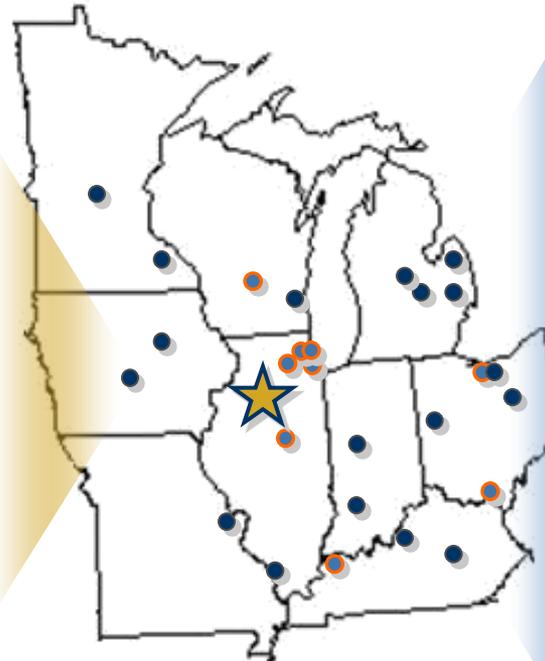
Illinois Ventures, LLC



ILLINOIS

Strong Core Partnership with University of Illinois

- Launched in 2002
- Primary deal flow source
- \$1B annual grant funding
- Complement to market-leading commercialization system
 - UIUC, UIC Offices of Technology Management
 - UI Research Parks (includes 2011 Incubator of the year)
 - Entrepreneurship Centers



Sources of Deal Flow: ●

Portfolio Investments: ●

A leader in IL Innovation

- Majority of holdings IL-derived
- 70% have a presence within State v. 3-4% of national spend
- Leadership involvement in community, trade, NGOs and other ecosystem elements

Active Midwest Presence

- Transactions for private fund sourced from over \$10B in regional research
- Deep involvement in regional ecosystem components

Focused on the Undercapitalized Midwest Venture Market

IllinoisVentures, LLC

IV, Fund Boards leveraged venture, industrial leadership

- Michael T Tokarz
 - Chairman, ETF L.P. Board
 - Chairman, The Tokarz Group, a merchant banking firm
 - General Partner at Kohlberg, Kravis, Roberts & Co. for 17 years
- James L Foght
 - Chairman, IllinoisVentures, L.L.C. Board
 - Founder, Managing Director of Vector Securities, Vector Later-Stage Equity Funds
 - Co-founder of Prudential Vector Securities (formerly Vector Securities)
- Warren Holtsberg
 - Vice-Chairman, IllinoisVentures, L.L.C. Board
 - MD, Tokarz Group
 - Co-founder, Motorola Ventures; Director of Equity Investing for Motorola, Inc.
- Bill Tai
 - Prolific angel investor
 - General Partner at Charles River Ventures
 - Established semiconductor practice at Alex Brown and Sons
- Ed McMillan
 - Strategic consultant to food and agribusiness industry
 - President and CEO of Purina Mills, Inc., various other senior management roles
 - UI Trustee, Chair of the University of Illinois Research Park, LLC
- *IV Board also included UIUC, UIC Vice Chancellors of Research*



Disciplined venture investment model

We were active in major domains, but focused on “seams”

Life Sciences	Physical Sciences	IT
Imaging/Diagnostics/Tools Therapeutics Microbial/Plant Genetics Industrial bio-processing	Advanced materials Renewable Energy and Chemicals Device physics Water chemistry	Data analytics Social graph/Interest graph/MOLOSO Advanced search Smartgrid/ Carbon management













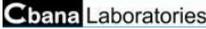













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We developed unique expertise in University-derived investing



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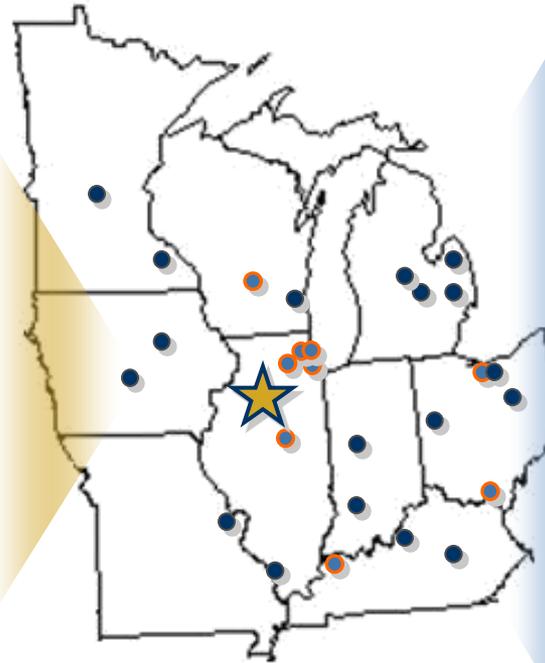
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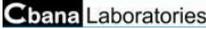












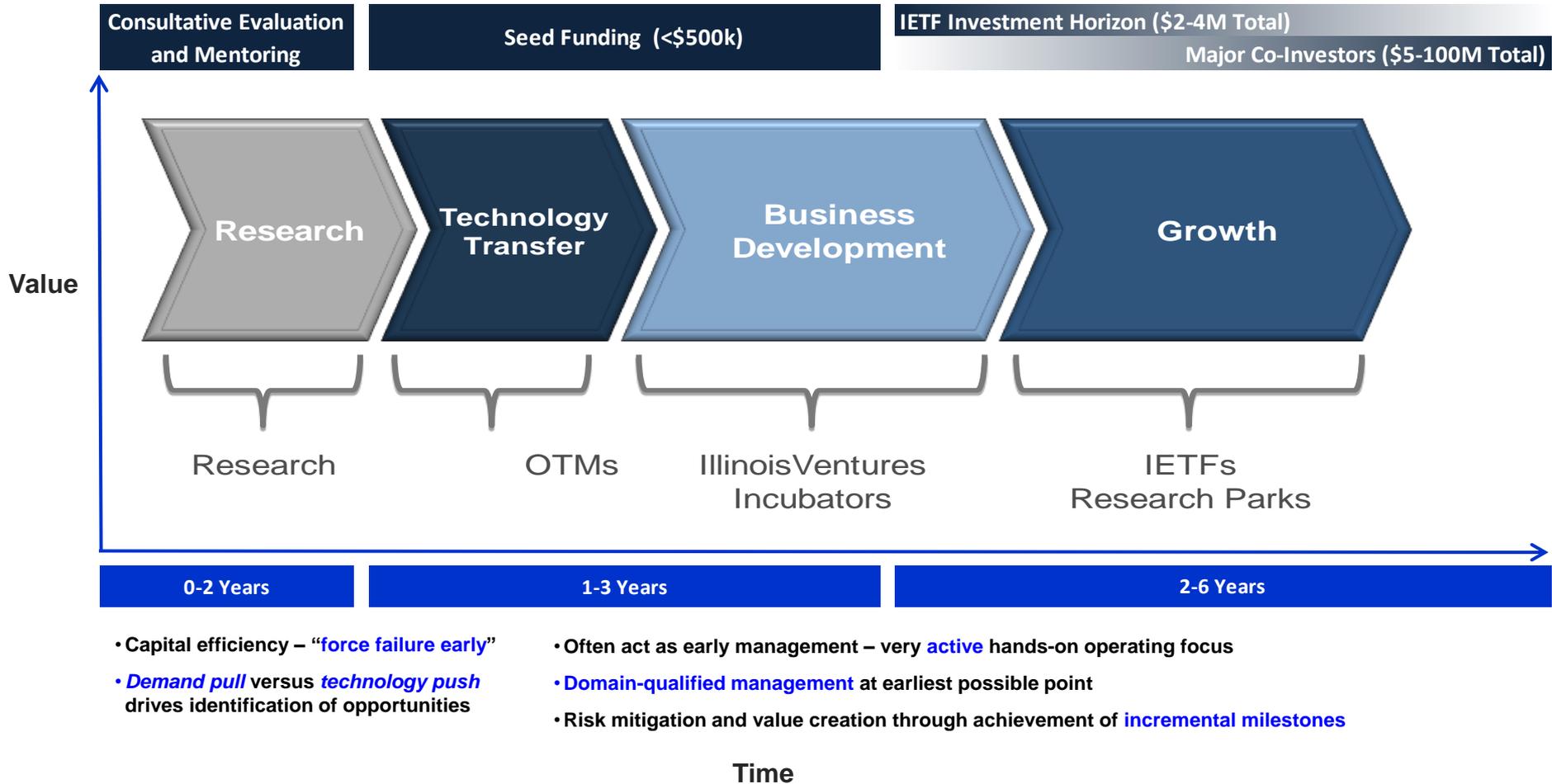

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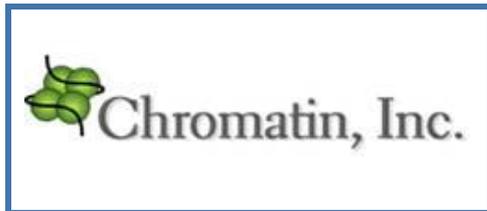
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