



KCSourceLINK.

# WE CREA+E CAPITAL

Financing Startup and Early-Stage Companies  
in the Kansas City Region

September 2017 Update



# YOU ARE CREATING CAPITAL FOR KANSAS CITY ENTREPRENEURS.

One of the biggest challenges facing small business owners and entrepreneurs, regardless of geography, has been — and continues to be — access to capital. While Kansas City is certainly no exception to that rule, in 2015 our entrepreneurial community decided we weren't going to sit back and accept it either.

That's why in 2015, KCSOURCELINK, in partnership with a number of regional organizations, published *We Create Capital*, a strategic action plan to:

- > map KC's funding landscape and continuum
- > increase capital sources
- > make it easier for entrepreneurs to access capital
- > help investors find attractive investment opportunities

In two short years, we've already taken amazing strides, as you'll see in this summary of *We Create Capital 2017* and the full report, available for download at [www.wecreatekc.com/#capital](http://www.wecreatekc.com/#capital).

There is still work to be done to educate entrepreneurs and investors, help shepherd more and better deals for early-stage investment and position KC as the financial hub for entrepreneurial financing.

## MICROLENDING

### ■ WHY IT MATTERS

Microloan programs and other revolving loan funds fuel early-stage and Main Street businesses unable to secure funding from traditional lending institutions. These loans help fund working capital, inventory, supplies, furniture, fixtures, machinery or equipment.

### ■ GOAL

Increase the availability of alternative loans to \$10 million by 2020.

### ■ WHERE WE ARE

LOANS: 2012 \$3MM **NOW\* \$10.4MM**



\* Cumulative amount of microloans lent to KC small businesses since 2012.

### ■ BIG NEWS

## APPROVAL FOR \$5 MILLION SBA MICROLOAN FUND

The addition of two new microlending programs (WE-Lend and AltCap) in 2015 helped boost overall lending, as did increases in Justine PETERSEN's portfolio and investments from the Hispanic Economic Development Corporation's Impacto Fund.

### WHAT'S NEXT

- + Help AltCap deploy more Community Development Financial Institution (CDFI) funds throughout the broader community.
- + Secure more funds for WE-Lend and Justine PETERSEN.
- + Recruit philanthropic support for technical assistance.



## EQUITY INVESTMENTS

### WHY IT MATTERS

Startup and early-stage companies with high-growth potential often turn to equity investors for capital.

### GOAL

- + Increase seed capital investments to more than \$10 million per year by 2020.
- + Double the number of venture capital firm investments of \$1 million-\$10 million by 2020.

### WHERE WE ARE

EQUITY INVESTMENTS: 2012 \$202MM

NOW\* \$571MM

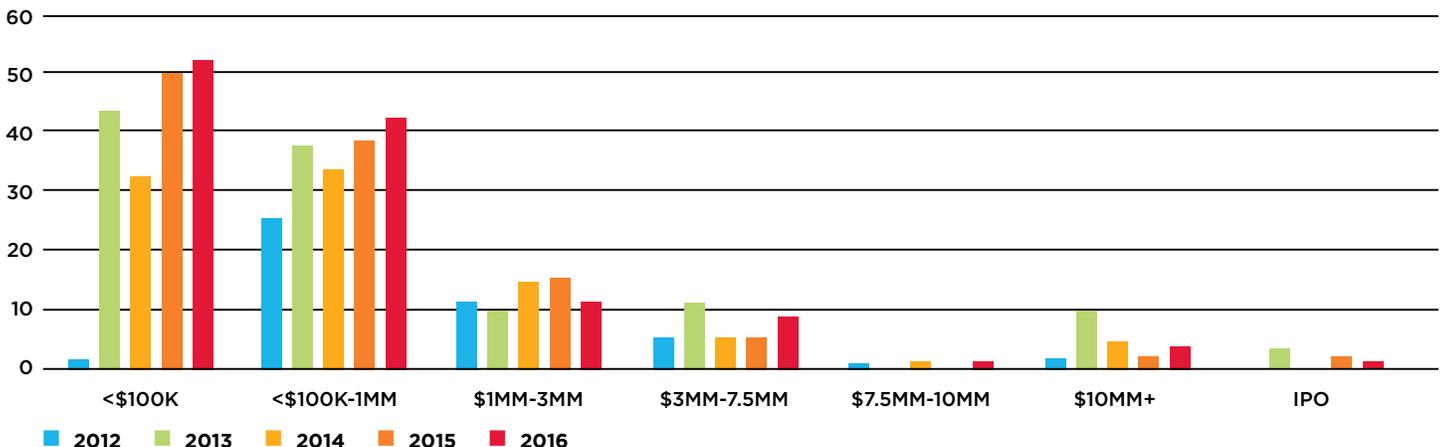


- + In 2016, 94 deals raised \$14.5 million in seed capital investments (less than \$1 million).
- + In 2016, 25 deals raised \$556.4 million in venture capital investments (more than \$1 million — up from 19 deals in 2012).

\*Amount of equity raised by KC-based companies in 2016.

## NUMBER OF DEALS BY SERIES & YEAR | 2012-2016

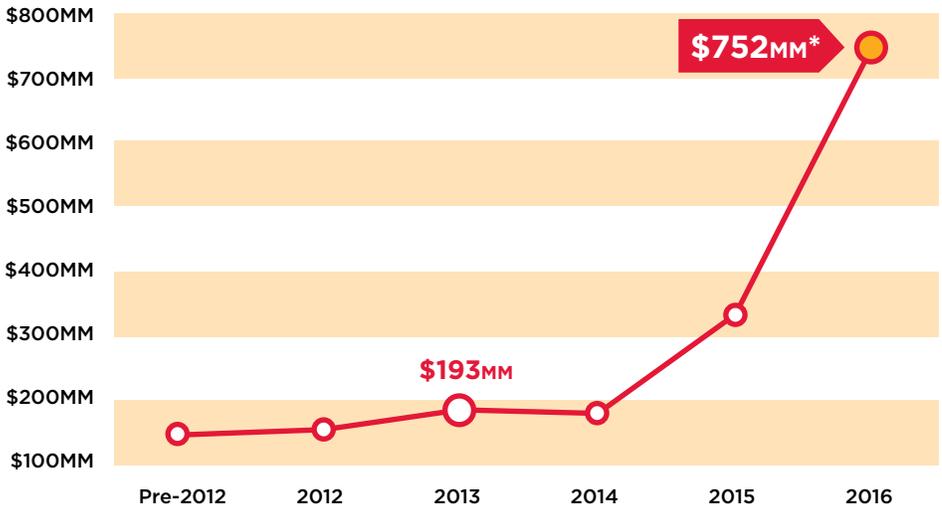
Kansas City saw an increase in overall equity funding in 2016, but saw a slight decrease in funding for deals \$1 million to \$3 million. With initiatives like CapitalMatch and KCInvestED, educational programs and new funds that have established offices in KC, we expect to see an increase in deals in the next year.



**BIG NEWS**

**290% INCREASE IN AVAILABLE CAPITAL FOR KC ENTREPRENEURS**

Kansas City has worked hard to encourage more local investments, with an increase in KC-based venture funds and more angel activity.



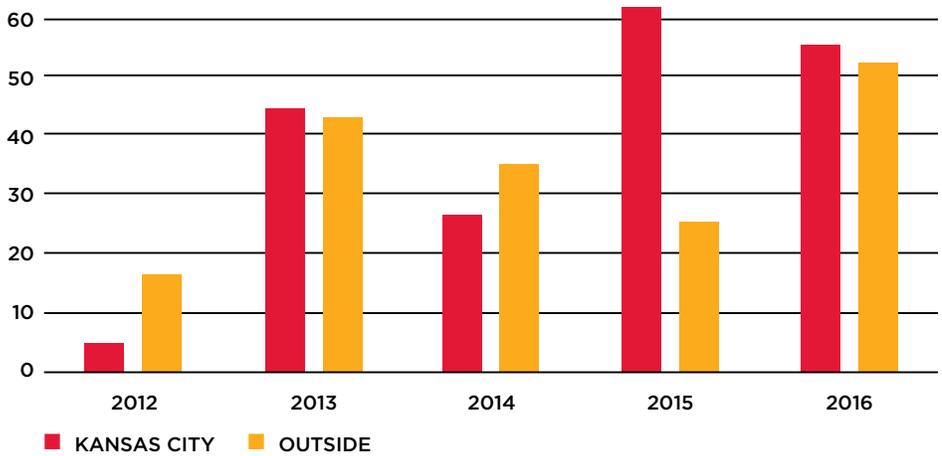
\*Combined value of early-stage funds available to KC entrepreneurs, including grant programs, angel groups, KC-based funds and regional funds that have indicated a significant interest in investing in KC area companies. Increase measured from 2013 to 2016.

**WHAT'S NEXT**

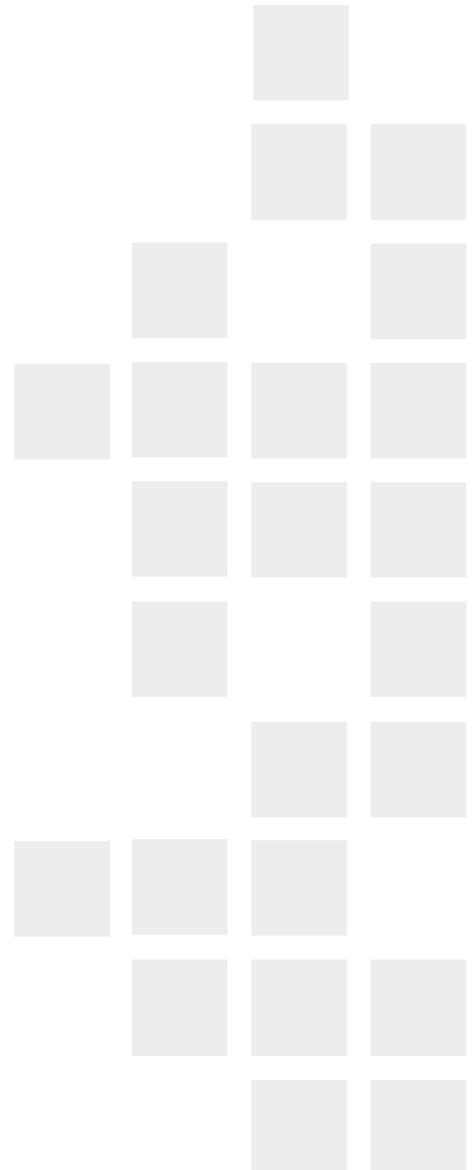
- + Educate and connect investors and entrepreneurs.
- + Educate and connect corporations and entrepreneurs.
- + Make Kansas City the finance hub of the Midwest.

**NUMBER OF INVESTORS\* BY LOCATION**

The result: KC appears to have turned the corner, with more investment coming from Kansas City than from outside in 2015 and 2016.



\*Number of investors in Kansas City-based deals where the investors are disclosed.

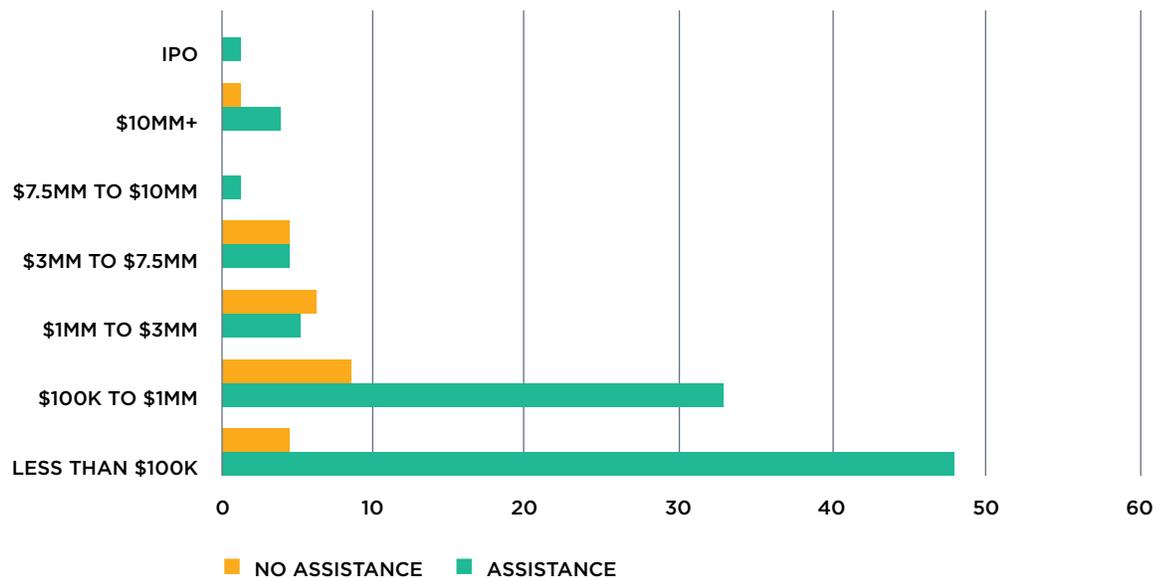


## THE IMPORTANCE OF RESOURCES

KCSourcelink connects entrepreneurs and small business owners to a network of 250+ resources. Having access to the expertise of those business-building resources matters—a lot—and especially when seeking funding.

About 80 percent of companies who raised funding in 2016 received assistance from local entrepreneurial support organizations. For companies that raised less than \$100,000, the percentage that received assistance was even higher: 92 percent.

### FUNDED COMPANIES THAT RECEIVED ASSISTANCE | 2016



Download the full report at [www.wecreatekc.com/#capital](http://www.wecreatekc.com/#capital).  
Seeking funding? Interested in investing in KC startups?  
Visit [kcsourcelink.com/capitalmatch](http://kcsourcelink.com/capitalmatch).

*A sincere thank you to the many who continue to labor long and hard to bring about this renaissance in funding for early-stage companies.*

## OUR PROGRESS

### LOANS

OBJECTIVE	THEN	GOAL	NOW
> Increase Kansas City Regional Microloan Program capital pool by \$2 million, growing the pool from \$3 million to \$5 million by 2018	\$3MM	\$5MM	✓
> Establish a \$5 million SBA-backed microloan program	\$0	\$5MM	✓

### GRANTS

OBJECTIVE	THEN	GOAL	NOW
> Raise awareness of Small Business Innovation Research funding	\$8.2MM	\$5MM	\$3.3MM

### SEED CAPITAL

OBJECTIVE	THEN	GOAL	NOW
> Increase the number of regional angel investors	140	240	200
> Double the investment from regional angel groups	\$1.7MM	\$5MM	✓
> Establish a new minimum \$5 million seed capital fund	\$0	\$5MM	✓

### VENTURE CAPITAL

OBJECTIVE	THEN	GOAL	NOW
> Establish new \$50 million venture capital investment fund	\$0	\$50MM	\$21MM
> Maintain presence for at least two venture capital firms headquartered outside of the region	\$0	\$20MM	✓

Baseline year for data is 2012 unless the program or fund started earlier. Checkmark indicates goal completed.

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To access reports and for more information on access to capital, visit [www.wecreatekc.com/#progress](http://www.wecreatekc.com/#progress).

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