

KCSourceLINK.

# WE CREA+E CAPITAL

June 2016 Update



Three years ago, access to capital was identified as an area of weakness in the KC region. **KCSOURCELINK**, in partnership with a number of regional organizations, began pulling together data, identifying gaps and outlining a plan of action. That led to the release of the **We Create Capital** report in **June 2015**. No one suspected the catalyzing effect of that document.

In 12 short months, the progress on objectives has been nothing short of amazing. People and organizations too numerous to mention hopped on board and began making things happen. The Kansas City community took this issue to heart.

This update provides a look at what has happened in the KC capital arena since June 2015. We are making progress on a number of fronts. There is still work to be done. A sincere thank you to the many who have labored long and hard to bring about this renaissance in funding for early-stage companies.

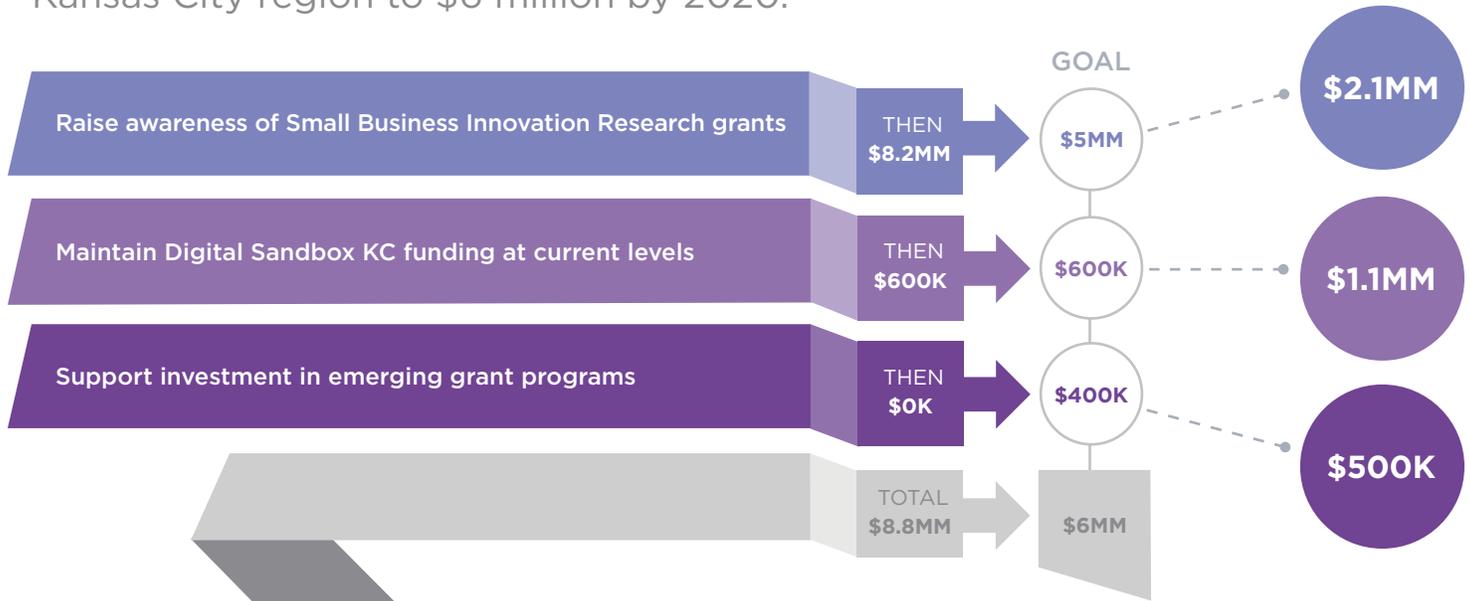
**You are creating capital for Kansas City entrepreneurs.**

Baseline year for data is 2012 unless the program or fund started later.

## GRANTS

Increase local, state and federal funding to early-stage and R&D focused businesses in the Kansas City region to \$6 million by 2020.

**NOW**  
(2015-2016 YTD)



## PROGRESS

- + Twelve KC area companies received SBIR grants in 2015-2016 for a total of almost \$2.1 million.
- + UMKC Small Business and Technology Development Center, with additional expertise, is poised to help companies go after SBIR and STTR grants.
- + Digital Sandbox KC earned an additional i6 challenge grant, as well as funding from Missouri Technology Corp., Kauffman Foundation, the UMKC Bloch School of Management, the city of Olathe and Cobalt Ventures.
- + LaunchKC granted \$50,000 each to 10 companies in its inaugural class.

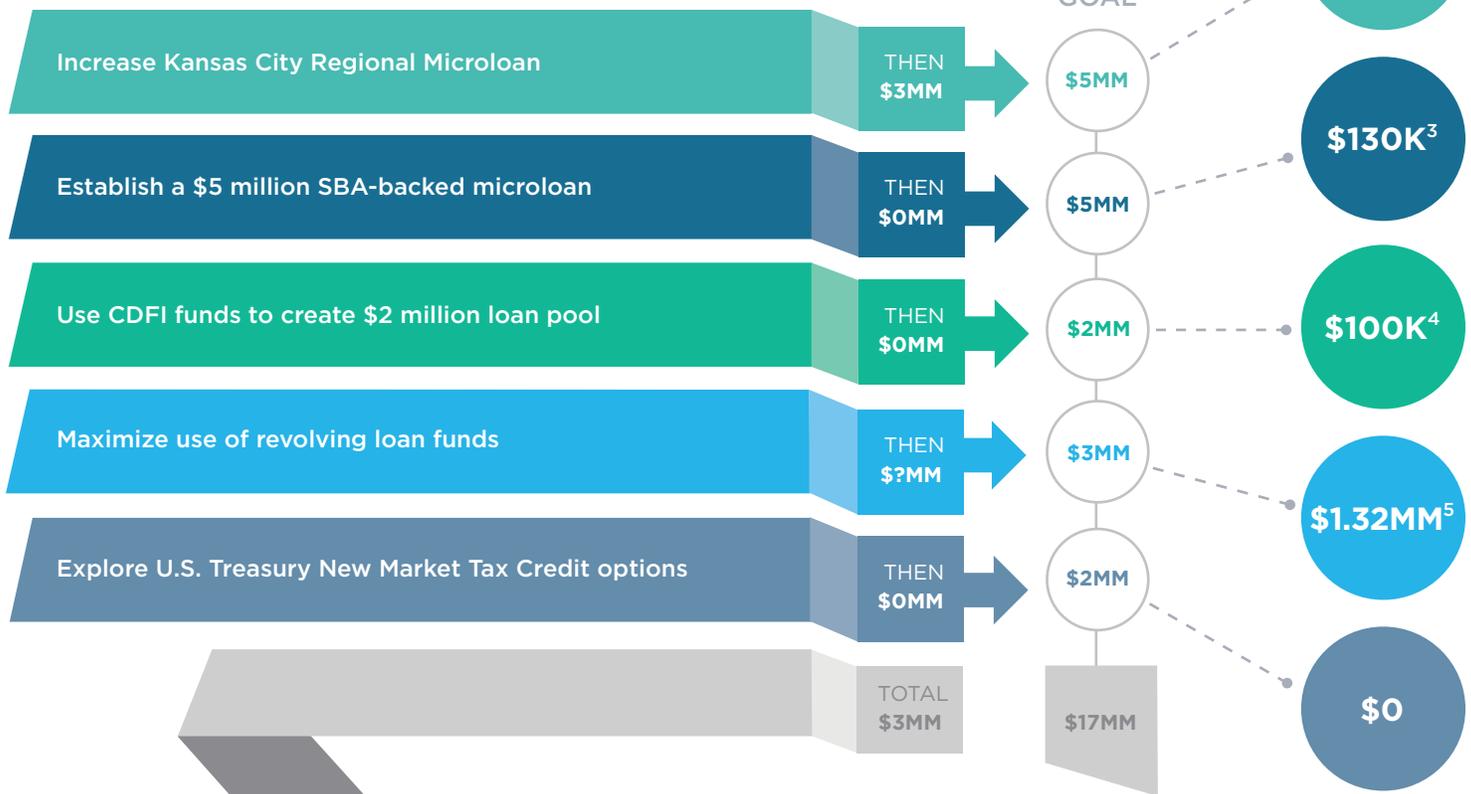


Countless individuals are working hard through their organizations and personal networks to educate both investors and entrepreneurs to get them better connected.

# LOANS

NOW<sup>1</sup>

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



## PROGRESS

- + Justine PETERSEN has deployed \$5 million in microloans since founding in 2012.
- + WE-Lend, launched in 2015 by OneKC for Women, has taken the first critical steps to build infrastructure and gain the needed experience to apply for additional federal microloan funds.
- + AltCap is using CDFI funds to support loans to artists and women/minority contractors.
- + HEDC's Impacto Loan Fund joined Justine PETERSEN, WE-Lend and AltCap as part of the Kansas City Microloan Coalition.
- + KCSOURCELINK convened partners to compile information on revolving loan programs that serve the metro area: 10 organizations are currently accepting applications for loans, but funding is limited because much of the capital has already been loaned to businesses.
- + Justine PETERSEN is exploring unused New Market Tax Credits that could benefit microloan programs.

*"The money [We-Lend] gave us the ability to dream and really know we could start making changes happen."*

Kelly Wilson  
Weave Gotcha Covered

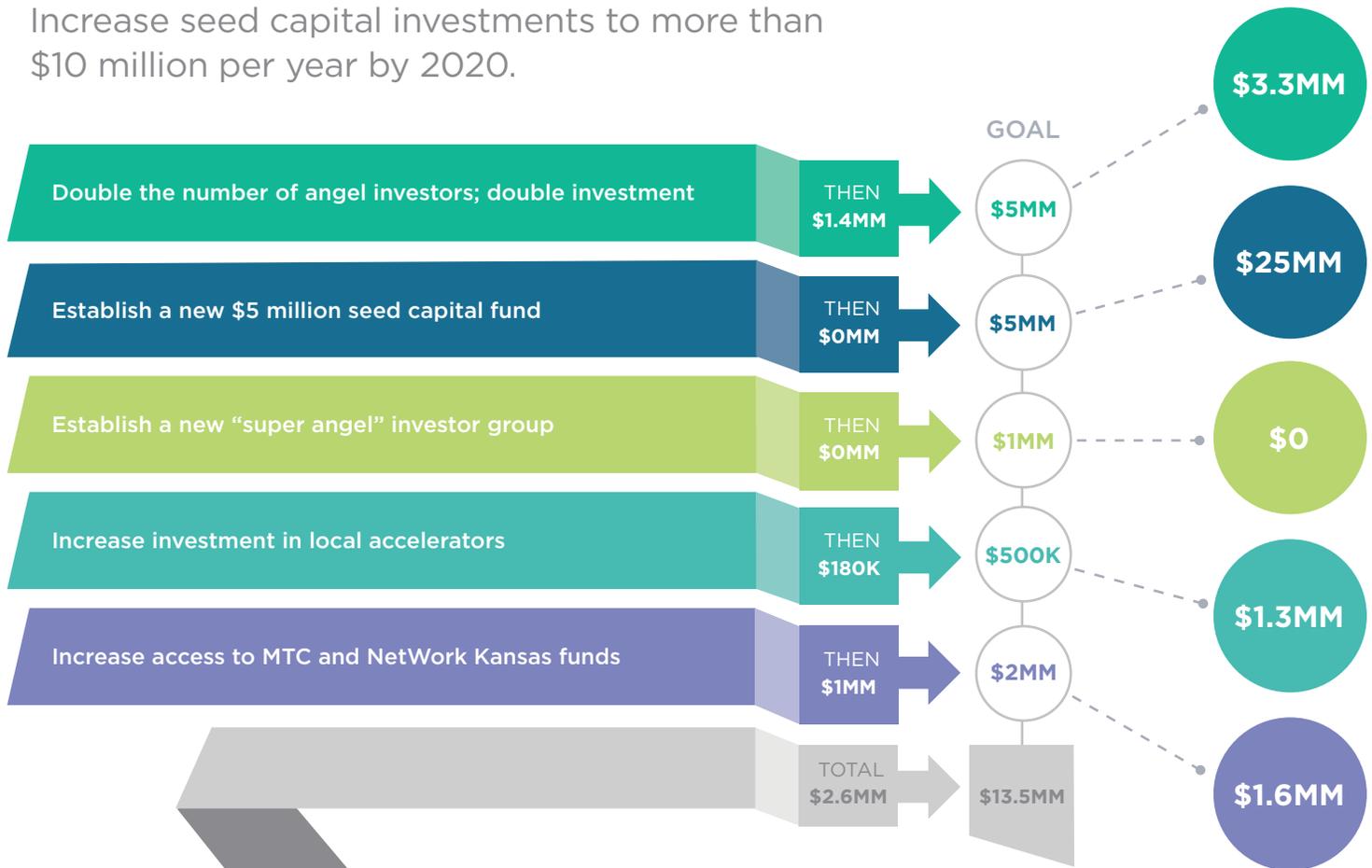
<sup>1</sup>Total for the funds since inception. <sup>2</sup>Justine PETERSEN <sup>3</sup>WE-Lend <sup>4</sup>AltCap <sup>5</sup>Other micro and revolving loan funds



# SEED CAPITAL

**NOW**  
(2015-2016 YTD)

Increase seed capital investments to more than \$10 million per year by 2020.



## PROGRESS

- + Mid-America Angels and the Women's Capital Connection had the largest investment year yet in 2015, doubling investment since 2012. MAA also opened a chapter in St. Joseph, Missouri.
- + The Northland Angel Investment Network was established.
- + Royal Street Ventures opened a KC office with a \$25 million fund.
- + iiM shifted its focus to agriculture, animal and human health.
- + The Collective is establishing a \$10 million seed fund.
- + Angel Capital Group is establishing a \$2.5 million fund.
- + Local accelerators continue to offer expertise and funding. TechStars launched its third class of mobile technology companies. Lean Lab powers educators as they grow, launch and test innovations.
- + Six Kansas City area companies tapped Kansas Multiplier Loans and Venture Funds and Missouri IDEA funds for \$1.6 million in funding.
- + 2016 YTD: 17 companies have closed deals ranging from \$10,000-\$1 million.



Thanks to the efforts of many organizations and individuals, the Kansas Angel Tax Credit program was renewed. Nonpartisan support sent the message that startup companies are important to the state's economic health.

## ANGEL INVESTMENTS HAVE DOUBLED

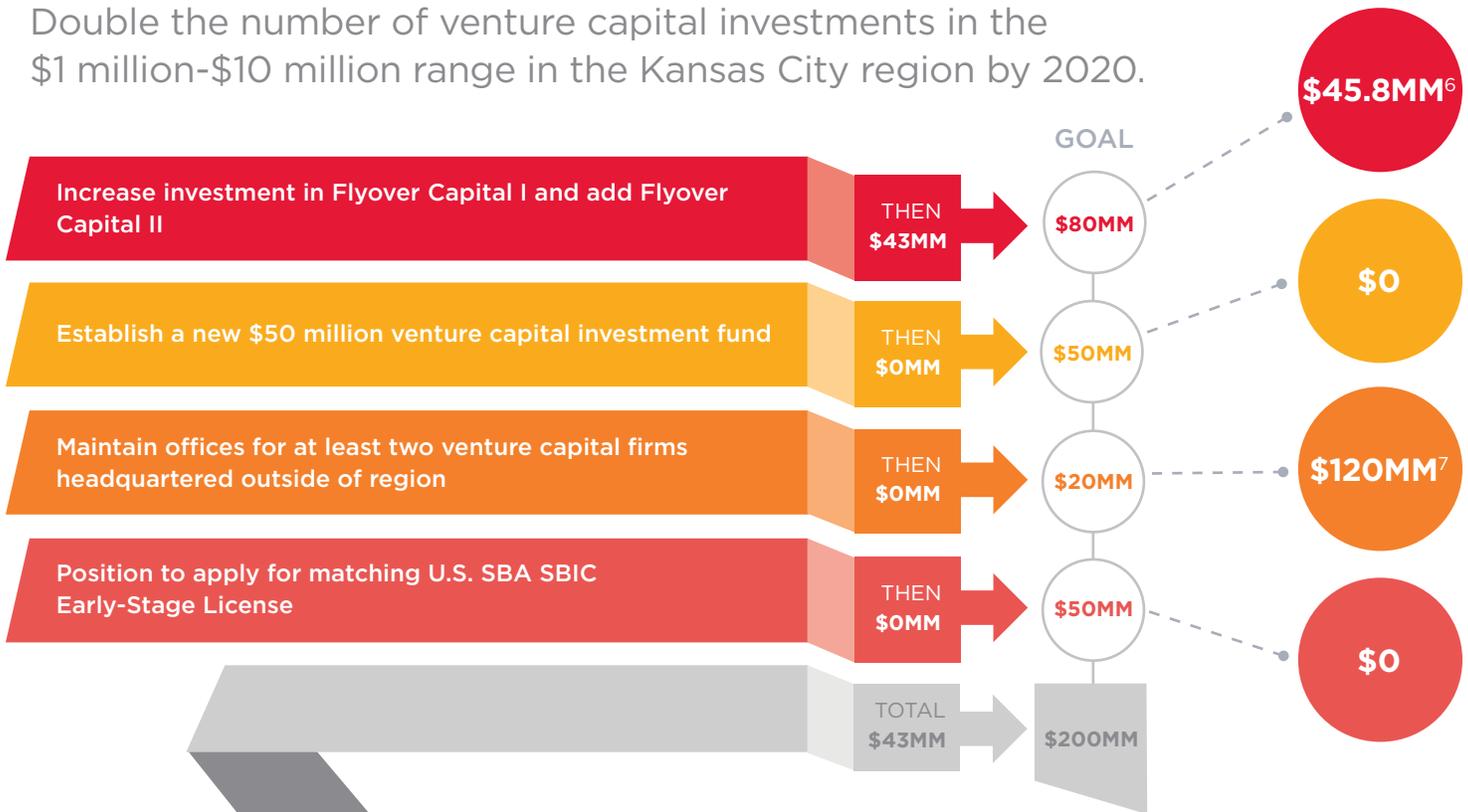
SINCE 2012

**2012**  
**\$1.4MM**

# VENTURE CAPITAL

NOW  
(2015-2016 YTD)

Double the number of venture capital investments in the \$1 million-\$10 million range in the Kansas City region by 2020.



## PROGRESS

- + Flyover Capital made its first Kansas City investments in 2015.
- + Regional VC funds have taken an interest in KC: Lewis & Clark Ventures closed a \$104 million fund and is actively seeking deals in KC; Dundee Venture Capital has raised part of a \$30 million fund and is looking for KC investments.
- + KCRise is raising a \$20 million sidecar investment fund.
- + YTD 2016: seven companies have closed deals in the \$1 million-\$10 million range; three raised more than \$10 million each and one company completed an IPO.



In an effort to better understand investors and deals, KCSourcelink partnered on two surveys. The 2015 Midwest Technology Company Seed Financing Survey, in partnership with Polsinelli PC, looks at terms and valuations for tech deals in 2015. The Alternative Investment Forum sponsored an Investor Survey that looks at attitudes and opinions of KC-area investors. Results of both surveys can be found at [www.wecreatekc.com/#progress](http://www.wecreatekc.com/#progress).

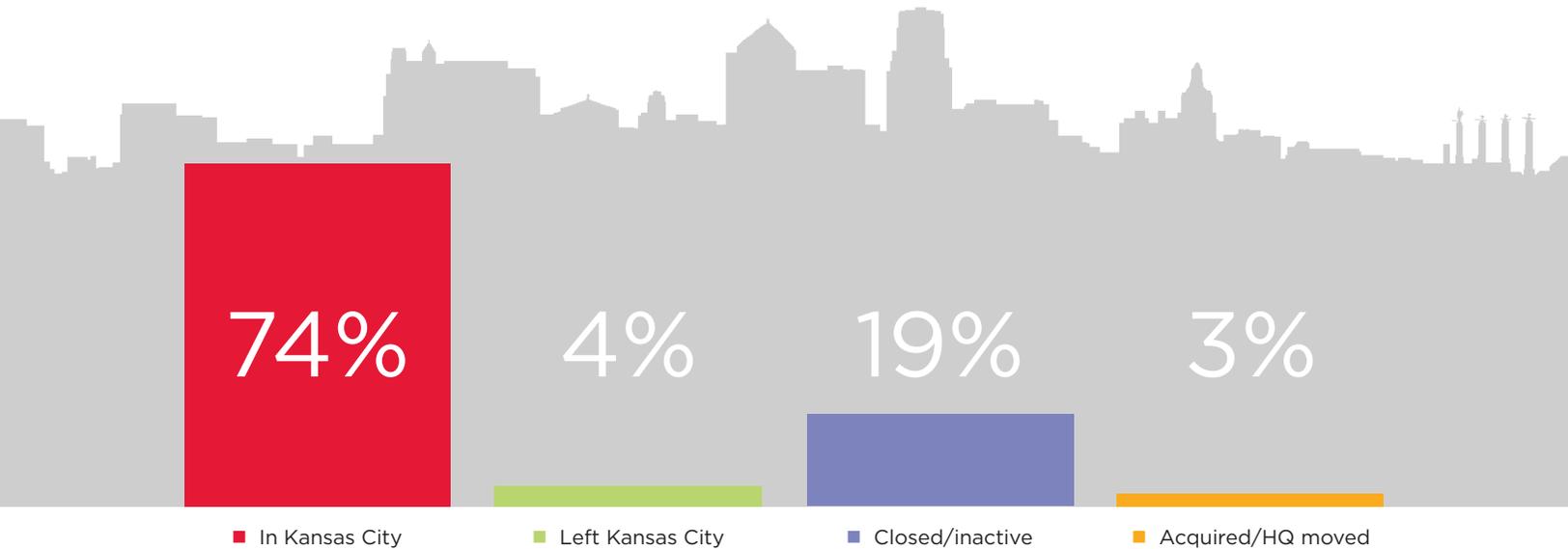
<sup>6</sup>Flyover Capital.

<sup>7</sup>Lewis & Clark Ventures and Dundee Venture Capital.

2015  
\$2.8MM

*"It's hard to raise money. It should be hard to raise money. But with the entry of so many new funds into the market, entrepreneurs should have some choices."*

Matt Condon, Bardavon



*“74% of the companies who received grant or equity funding in 2013 or 2014 are still operating in the Kansas City region.”*

—Where Are They Now?, KCSOURCELINK

*“...one of the major concerns an investor has is how to properly dig into a deal and when they don’t know the space, how can they tell if it’s a quality deal.”*

—Mark Meyerdirk, AIF Investor Survey, KCSOURCELINK and Alternative Investment Forum

*“I think if we can get more deals going, the terms will get better for entrepreneurs.”*

—Greg Kratoofil, Polsinelli PC  
2015 Midwest Technology Company Seed Financing Survey, KCSOURCELINK and Polsinelli PC

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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with support from

Ewing Marion  
**KAUFFMAN**  
Foundation

“This Report was Prepared under an Award from the US. Department of Commerce Economic Development Administration”



“This publication was prepared by the University of Missouri-Kansas City Innovation Center. The statements, findings, conclusions, and recommendations are those of the author(s) and do not necessarily reflect the views of the Economic Development Administration.”

June 2016

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