Wisconsin Technology Council: Wisconsin early stage investment dollars shatter record in 2021, topping $800 million

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Investments in young, Wisconsin-based companies by angel and venture capitalists totaled at least $810 million in 2021, exceeding by more than $300 million the previous mark of $483.6 million set in calendar year 2020.

Research by the Wisconsin Technology Council in preparation for its annual “Wisconsin Portfolio” report has thus far charted 111 deals financed last year by early stage investors, with a relative handful of those deals accounting for about $600 million of the total.

Those overall totals – both in deals and dollars – will only increase once data tied to state investor tax credits are fully counted in the spring.

Data collected by the Tech Council Investor Networks showed 111 angel, venture or venture debt deals in 2021. Average deal sizes grew in terms of dollars invested, which was consistent with national trends and a sign that more young companies are surviving and growing. Median deal size was stable, a sign that young firms are attracting financing, as well.

Over the six-year period beginning in 2016, Wisconsin early stage companies have raised more than $2.5 billion. There were $276.2 million in early stage investments in 2016, $231 million in 2017, $300.7 million in 2018, $454.4 million in 2019, $483.6 million in 2020 and at least $810 million in 2021.

Despite a record year, Wisconsin is still well outside the nation's top 10 states when it comes to angel and venture capital, a fact only partly linked to population size.

Some examples: **Minnesota** early stage investments have leveled off in recent years, but the state still recorded $1.34 billion in deals in 2021. **Colorado**, a state with roughly the same number of people as Wisconsin, reported $6.5 billion in investments in 2021 – largely due to the dynamism of the Denver metropolitan area. In **Missouri**, the St. Louis metropolitan area alone reported $699 million in investments last year.

"Wisconsin continues to attract more angel and venture capital, including money from outside the state, but more work must be done to recognize the state's full potential," said Tech Council President Tom Still.

"The Wisconsin deal and dollar numbers are consistent with a 2021 surge in such investments nationwide, and representative of the rise in early stage investing in the Midwest, in particular," said Bobby Franklin, president and CEO of the National Venture Capital Association. "With its great research base, diverse technology and company leadership, the NVCA is not surprised that Wisconsin continues to make progress."

Using public reports, filings, proprietary investor surveys and more, the Tech Council tracked a total of $810,824,500 invested in 111 companies. Companies raising the most were Fetch Rewards, SHINE Medical Technologies, VedaData, Redox and DataChat, which collectively accounted for about $475 million of the state total. Eight other firms landed about $135 million.

Wisconsin's 2021 figures saw continued growth in average round sizes. Average round size is at an all-time high of $7.3 million (up from $4.2 million in 2020) while the median round size remained at $1 million, the same amount as in 2021.

Sticking close to 2020 figures, 50.5% of Wisconsin companies raised $1 million or more in 2021. In 2020, it was 51%; in 2019, it was 43%; in 2018, 38%; and in 2017, 29%.

For 51% of early stage companies that secured funding, 2021 was the first year doing so while the remainder received continued support. Other trends of note:

- The Madison area and southeast Wisconsin accounted for about three-quarters

of all deals uncovered thus far, with Green Bay and the Fox Valley representing about 12%.
- Healthcare and information technology deals represented about two-thirds of the total number of investments and 87% of all dollars invested.
- Investors from outside Wisconsin's borders continued to play a significant role in funding state companies in 2021, with 73 out-of-state investors taking part in 36 Wisconsin deals.

"On balance, our ecosystem continued to mature in 2021," said Joe Kremer, director of the Tech Council Investor Networks. "It's great to see major deals because it signals more companies are moving beyond the startup stage. Angel and venture capital can be 'lumpy' from year to year, so it remains to be seen whether 2022 will be equally successful."

The 14th annual Wisconsin Portfolio report will be published in full this spring. See here for past editions. Sponsors for 2022 so far are: American Family Insurance, AT&T, Baird Capital, BDO, Exact Sciences, Husch Blackwell, Madison Development Corp., Marshfield Clinic Health System, Michael Best LLP, Pendleton Legal, State of Wisconsin Investment Board, University Research Park, UWM Research Foundation, Venture Investors and Wisconsin Economic Development Corp.

The Tech Council Investor Networks are among major Tech Council programs and projects. They include the Tech Council Innovation Network, the Governor's Business Plan Contest, the Wisconsin Entrepreneurs' Conference, the Wisconsin Tech Summit, the Wisconsin Early Stage Symposium and the Wisconsin YES! youth business plan contest. To learn more or to join TCIN, visit: http://-wisconsintechnologycouncil.com/investors/membership/