

Wisconsin Technology Council: Calendar 2022 was Wisconsin's second highest year for early stage investment dollars at \$640 million

Posted on Thursday, Jul 13, 2023

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MADISON, Wis. – Investments in young, Wisconsin-based companies by angel and venture capitalists and other equity investors totaled \$640.2 million in 2022, far from the previous year's total of \$868.8 million but still the second-highest investment total on the books.

Research by the Wisconsin Technology Council for its annual "Wisconsin Portfolio" report captured 107 separate deals involving 116 unique funds, networks and accelerators, including at least 76 out-of-state investors taking part in 32 of the 107 rounds.

The top 10 deals by dollar size accounted for nearly three-quarters of the dollar total, with Fetch Rewards leading the way for the third straight year with \$240 million in funding on its own.

Data collected by the Tech Council Investor Networks showed average deal sizes grew in terms of dollars invested, which was consistent with national trends during what was considered a "down year" coast to coast. Median deal size was stable at roughly \$1 million, a sign that young firms attracted financing, as well.

Over the eight-year period beginning in 2015, Wisconsin early stage companies have raised nearly \$3.5 billion. There were \$209.5 billion in early stage investments 2015, \$276.5 million in 2016, \$231 million in 2017, \$300.7 million in 2018, \$454.4 million in 2019, \$483.6 million in 2020, and nearly \$869 million in 2021.

The early stage investment outlook for 2023 in Wisconsin and elsewhere is less strong, with trends in the first two quarters of the year reflecting a tight deal environment. The National Venture Capital Association recently reported that investment totals in the United States have declined for seven straight quarters.

“Wisconsin continues to attract more angel and venture capital, including a rising share of 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 Legislature’s decision to recapitalize the Badger Fund of Funds and the expected deployment of State Small Business Credit Initiative dollars will help, but we’re still not keeping pace with our Midwest neighbors.”

Using public reports, filings, proprietary investor surveys and more, the Tech Council tracked a total of \$640,217,800 in 107 companies. In addition to Fetch Rewards, companies raising the most were SHINE Medical Technologies, Elephas Biosciences, Moxie Health, Ensodata, Polco, Frontdesk, Syntheticaic, Understory and Leo Cancer Care.

Average round size stood at just under \$6 million in 2022, just shy of 2021’s record of \$6.2 million but still the second highest on record. Sticking close to recent years, 49.5% of Wisconsin companies raised \$1 million or more in 2022. In 2021, it was 50.5%; in 2020, 51%; in 2019, 43%; in 2018, 38%; and in 2017, 29%.

For 35% of early stage companies that secured funding, 2022 was the first year doing so while the remainder received continued support. First-time funding has been in decline for several years. Other trends of note:

- The Madison area declined in its share of total deals (47 for 43.9% compared to half two years earlier) while southeast Wisconsin increased (41 for 38.3%). Green Bay and the Fox Valley represented about 7.5%.
- Healthcare and information technology deals represented about two-thirds of the total number of investments and 94% of all dollars invested.
- Funding rounds led by female founders and CEOs remained low at 14%; however, when looking at management teams, women are represented in two-thirds of the companies that raised money in 2022.

“Following the boom-year of 2021, we were not sure how investors would react, especially with the uncertainty being caused by inflation and the Federal Reserve’s response. But most trend lines remain on a steady upward climb,” said Joe Kremer,

director of the Tech Council Investor Networks. “It is worth highlighting that half of the raises were less than \$1 million, which signals small investors are staying active in the market.”

The 15th annual Wisconsin Portfolio report online at www.wisconsintechcouncil.com and available in a print magazine format for those who want to order copies through julie@wisconsintechcouncil.com. The print version includes all charts and features.

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