

Image Courtesy of Grrrl



ANNUAL REPORT | 2019



Battle Born Growth is the state venture capital program for Nevada. It makes **equity and equity-like investments in early stage, high potential Nevadan startups**. It is a component of the State Small Business Credit Initiative (SSBCI), a federal program that seeks to enhance local capital infrastructures across the US.

Battle Born Growth accepts applications through the Gust platform, and all applications are evaluated by an independent Investment Advisory Committee. Investment decisions are ultimately made by the Nevada Governor's Office of Economic Development. Battle Born Growth's investments are held by Nevada Battle Born Growth Escalator, Inc. a corporation for public benefit.

1.

Portfolio Review

2019 was an active year for Battle Born Growth, with exits from two portfolio companies and commitments to both existing portfolio companies and new startups.

2.

Battle Born Growth Stats

Applications to Battle Born Growth followed the pattern of previous years, with the bulk being in the IT, logistics, manufacturing and healthcare sectors. Now, half of our portfolio has a minority entrepreneur in its leadership.

3.

Early Stage VC Market

Angel and seed activity plateaued in 2019, though deal sizes and valuations continued to grow, a trend that industry analysts foresee continuing in 2020.



1. Portfolio Review

2019 was an active year for Battle Born Growth , with exits from two portfolio companies – fintech platform **Base Venture** and game day experience company **Fandeavor** – and new commitments to existing portfolio companies, dental practice consolidator **Access Health Dental** and student peer to peer coaching platform **CircleIn**.

It also made its first foray into direct-to-consumer brands, with an investment in Las Vegas-based athleisure startup **Grrrl**, and into safety tech, with an investment in fire safety startup **Taber Innovations**.



Access Health Dental is a Las Vegas-based dental practice company that brings an innovative, systematic approach to the delivery of dental care; it provides management support services for its dental offices so dentists can focus on providing the best care for patients.

During 2019, Battle Born Growth made an additional commitment to the Company in part to support a large dental practice acquisition that has led to a step change in revenue.



Fintech firm Base Venture has developed a fund administration automation product. FundManager.io streamlines fund management by connecting fund administrators, fund managers, and investors, and allowing fund managers to easily see their portfolio positions and communicate with clients.

The Company was acquired by financial services major FIS in 2019, representing a successful exit for Battle Born Growth .



Las Vegas-based CircleIn has developed a student-to-student tutoring app that allows students to study with one another, and to tutor one another, winning rewards in the process. Its advisory board includes the Education Director at Microsoft, and the former CTO of Merrill Lynch, AOL and News Corp.

During a banner year for the Company in 2019, when its revenue was 15x that of 2018, Battle Born Growth made a further commitment to CircleIn.



Las Vegas-based Fandevor developed a hassle-free solution for door-to-door fan travel packages and VIP gameday experiences. Fandevor's "Build Your Own Experience" technology allows customers to seamlessly create custom travel packages on an easy to use online platform.

It deployed its robust software platform as the engine for large corporate customers' travel programs.

Battle Born Growth exited the investment in 2019.



Grrrl is a Las Vegas-based athleisure company that focuses on size-free clothing and targets niche women's sports such as MMA and Highland Games. Its philosophy is centered around women's empowerment, with an emphasis on fitness at any size.

Co-founded by a husband and wife team, the brand is fronted by professional athlete Kortney Olson as well as professional athlete brand ambassadors. The team relocated to Las Vegas in 2019, ahead of investment by Battle Born Growth.



Taber Innovations is a Las Vegas-based company that has developed a technology suite that enables real time information to be captured and analyzed from a fire scene, so enhancing fire fighter safety.

Its advantage is that it allows monitoring of fire fighter condition (such as 3-dimensional location and several medical vital signs), this is currently done verbally via radio.

Battle Born Growth made an initial investment in the Company in 2019.



Talage is a Reno-based startup that has created a fully automated software platform to help small business owners compare and instantly purchase an increasing range of commercial insurance policies. Talage connects business owners directly to insurance carriers, allowing them to save time and money when purchasing workers' comp, liability and property coverage.

Battle Born Growth invested in the Company in June 2018 in a round led by Bay Area-VC Merus Capital, and including venture debt major WTI.



Reno, NV-based TransWorldHealth provides productivity software to the \$1bn+ safety net healthcare market. The platform incorporates advanced fuzzy logic matching to identify and locate patients as well as sophisticated forecasting algorithms, such as, the likely number of patients that a clinic will see in the following week. The platform integrates with leading electronic health record (EHR) providers, rather than replacing their offerings.



Wedgies was a Las Vegas-based inline real time social media polling software company.

Battle Born's co-investors in the Company included Graycroft Partners and VTF Capital. Wedgies' other investors included 500 Startups and SVAngel.

In June 2018, Wedgies was sold in a private transaction and so, Battle Born Growth successfully exited the investment.



Las Vegas and New York based WiseBanyan was one of the fastest growing independent roboadvisors in the US. It offered free portfolio management, and an increasing range of other financial management tools. Battle Born Growth's co-investors included strategics, such as John Hancock and CFSI with founding partner JPMorgan Chase & Co.

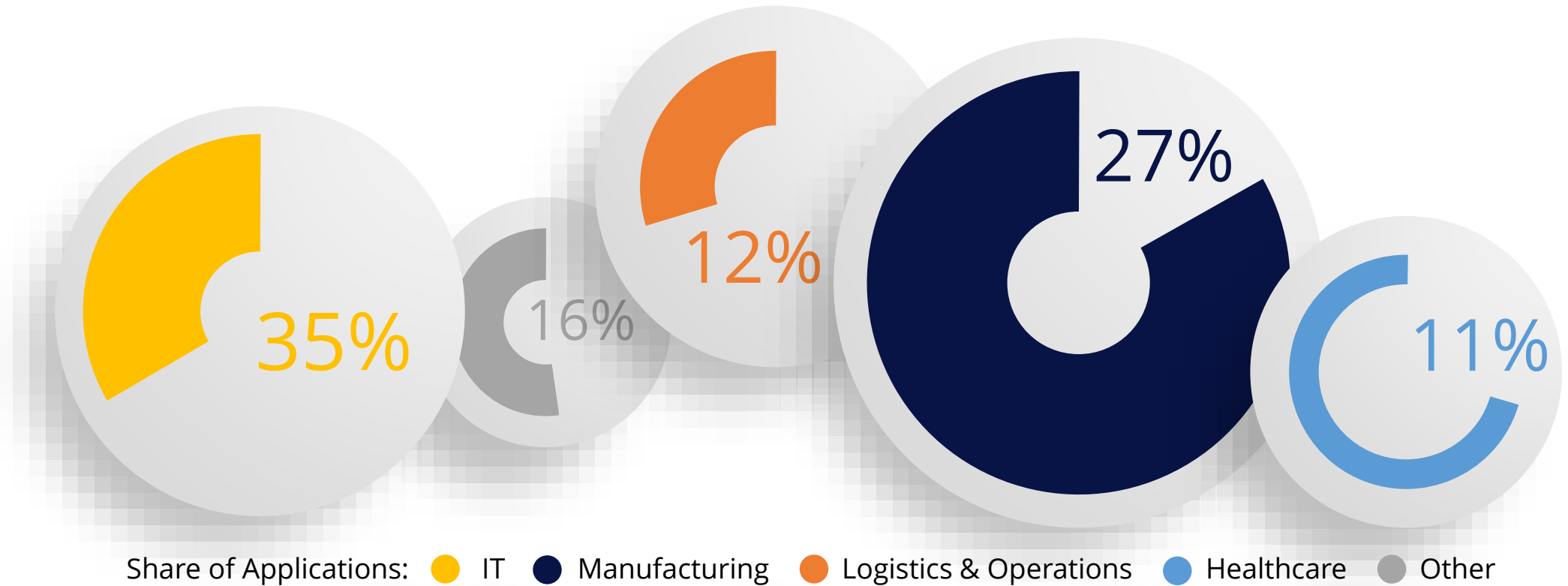
In October 2018, WiseBanyan was purchased by a subsidiary of NYSE-listed Axos Financial, Inc, so providing Battle Born Growth with an additional exit.



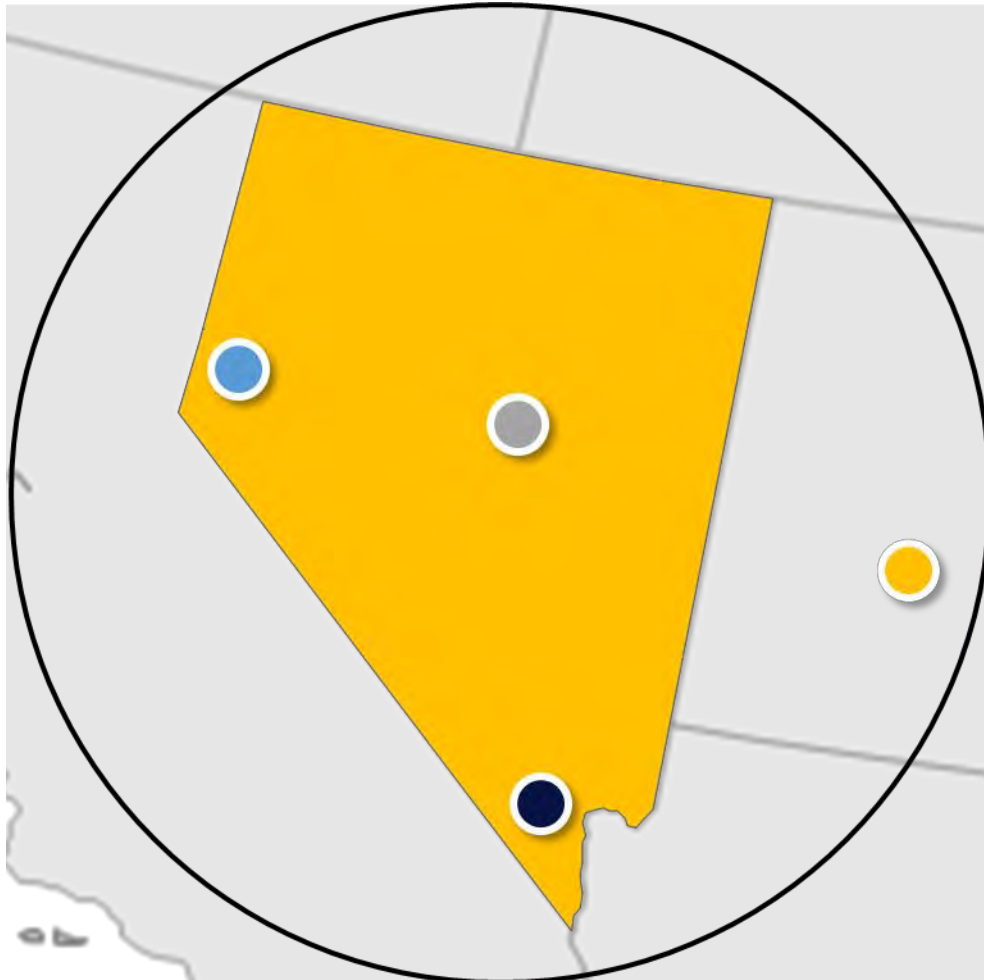
Battle
Born
Growth



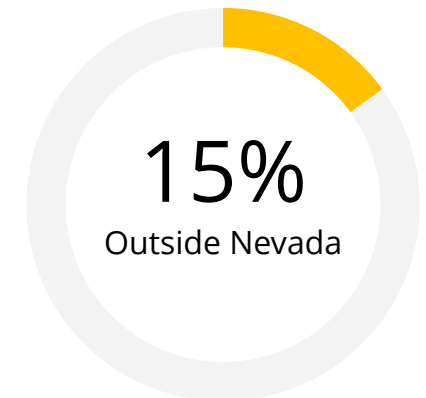
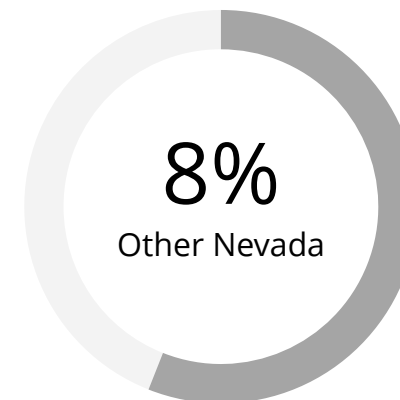
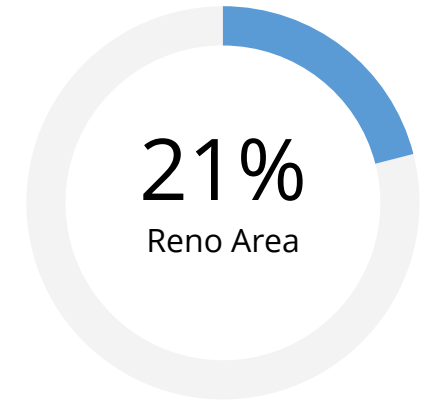
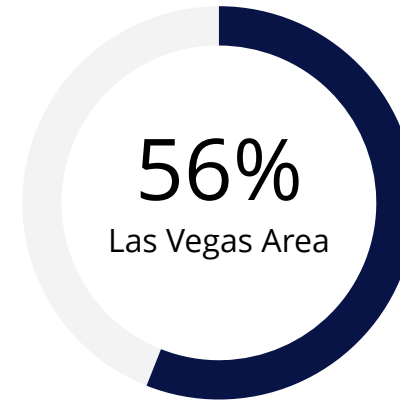
2. Battle Born Growth Stats



Source: Battle Born Growth



Source: Battle Born Growth





Spotlight on Portfolio Diversity

It is no secret that minority entrepreneurs obtain venture capital less frequently than their white male counterparts, but Battle Born Growth is bucking the trend with half of its portfolio helmed by minority entrepreneurs and we have some intuition as to how this has come about.

A recent survey reconfirmed that minority entrepreneurs continue to receive only a tiny portion of venture capital dollars. By contrast, half of Battle Born Growth portfolio companies – 42% by assets allocated - have at least one minority leadership team member at the time of investment.

For clarity, Battle Born Growth's mandate is not to create a culturally-diverse portfolio, it is instead, in our opinion, a consequence of our investment process. Specifically:

- *We're open to all.* Though we are fortunate to receive referrals from accelerator programs, co-investors, entrepreneurs and others in our network, our application process is open to anyone through the Gust platform. This removes the barrier of needing venture capitalists in an entrepreneur's network, a factor which generally accrues an advantage to those with certain educational or social backgrounds.
- *We avoid homophily.* There's evidence that venture capitalists show bias towards those who share the same schooling, gender and ethnicity as they do. As Harvard Business Review describes the situation: "belonging to the same racial group increases the propensity to work together by 39.2%, and having a degree from the same school increases it by 34.4%".¹ At Battle Born Growth, entrepreneurs do not pitch directly to the committee. Instead, opportunities are presented "blind" to our investment advisory committee, minimizing these biases.
- *Our investment advisory committee is diverse.* Our investment advisory committee is itself "majority minority" and we have a female investment manager. A Harvard Business Review study found that only 8% of venture capital investors are women, yet female investors are more likely to select minority entrepreneurs for investment.²

We are pleased to be playing a small part in increasing diversity in venture capital, especially as successive studies show diversity in organizations and investments is correlated with higher returns.

Share of Venture Capital

Women Funded Startups



Latino Founders

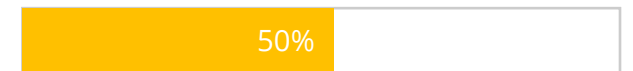


Black Founders



Source: Diversity in US Startups, RateMyInvestor

Battle Born Growth | Minority Entrepreneurs



Data Sources:

1. "The Other Diversity Dividend", Harvard Business Review, July-August 2018
2. "The Comprehensive Case for Investing More VC Money in Women-Led Startups", Harvard Business Review, July 2017

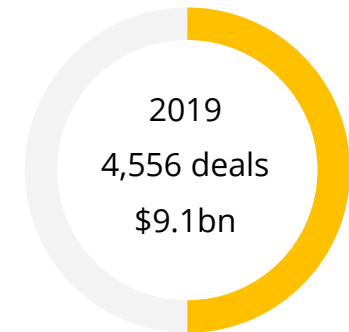
3. Early Stage Venture Capital Market

Angel and seed stage deals plateaued in 2019

From the drama of the WeWork non-IPO to mega rounds raised by unicorns, the bulk of the 2019 action was in later stage deals, with seed and angel rounds near static year on year.



Angel & Seed Stage Deals by Year
Source: Pitchbook / NVCA Venture Monitor



Deals are bigger and bigger

2.9 **YRS**
2019

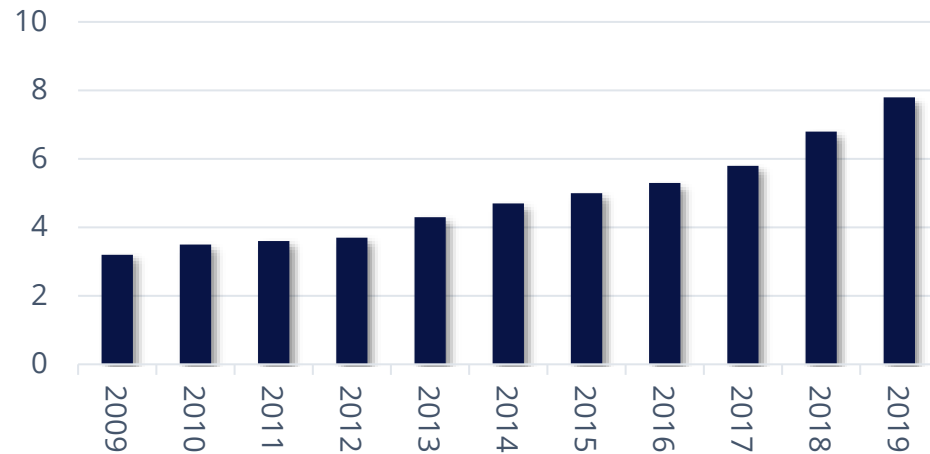
1.5 **YRS**
2012

Average Startup Age at First Raise
Source: Pitchbook / NVCA Venture Monitor

The average seed and angel round reached \$1.1mm in 2019, a figure that has been steadily rising over several years. This is generally attributed to companies being more mature when they begin to raise than was once the case. Startups are waiting longer to raise outside capital, relying on their own resources or “friends and family” to develop the business. The advent of the cloud and SaaS models mean that it’s cheaper than ever to start a business, so founders can stretch their dollar further before turning to capital markets.

Valuations continue rising

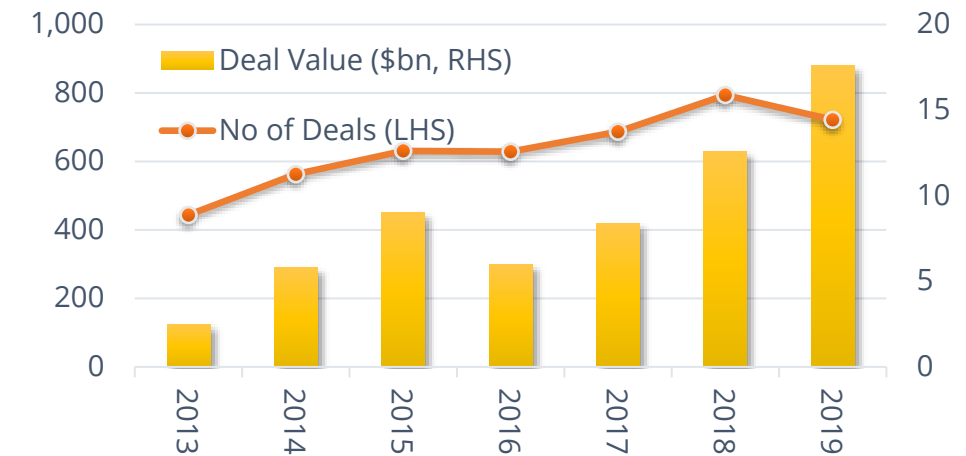
Median angel & seed pre-money valuation increased 14% YoY in 2018, rising to a median of \$8mm. Industry researcher PitchBook forecasts that median pre-money valuation for seed-stage companies will continue to rise in 2020, exceeding \$8.5mm.



Median Pre Money Valuation in \$mm for Angel & Seed Rounds
Source: Pitchbook / NVCA Venture Monitor

Fintech was a bright spot


Fintech, an area in which Battle Born Growth has made several investments, was strong in 2019, with a 40% increase in deal volume over 2018, according to PwC / CB Insights MoneyTree™ Report Q4 2019.



Source: PwC / CB Insights MoneyTree™ Report Q4 2019

Battle
Born
Growth



 battlebornventure.com

 [@battlebornvc](https://twitter.com/battlebornvc)

Image Courtesy of Grrrl