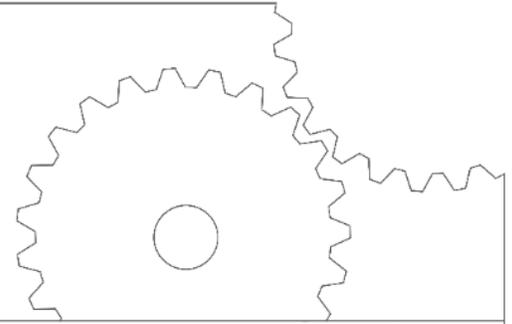


# 21 FUND QUARTERLY REPORT TO THE STATE BUDGET COMMITTEE

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Q3 2016



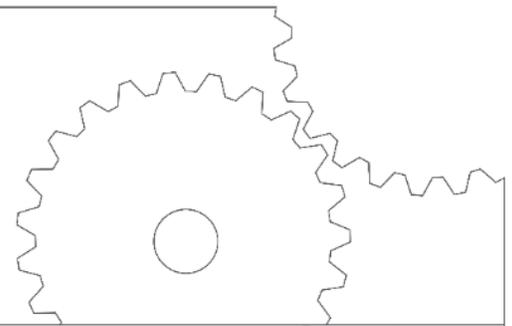


## OVERVIEW

In 1999, the General Assembly established the Indiana Twenty-First Century Research & Technology Fund ("21 Fund") to serve as a catalyst for innovation to transform our State's economy. Since 2005, the IEDC has improved Indiana's national competitiveness by focusing 21 Fund investments on the development of technologies and companies by high-potential, high-growth entrepreneurial activities within the commercial sector.

This report is submitted pursuant to IC 5-28-16-4(g) to provide a quarterly report on the activities pertaining to grants and loans being made from the 21 Fund. The following grants and investment programs are funded by the 21 Fund and are addressed in this report.

- » 21 Fund Investments
- » SBIR/STTR Phase I Matching Program
- » Elevate Purdue Foundry Fund

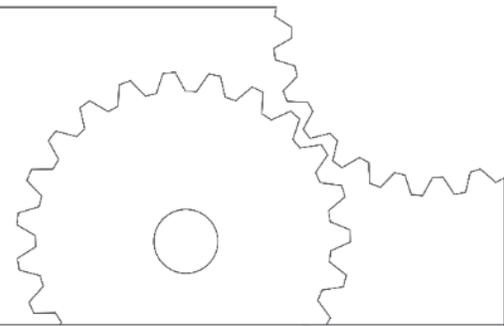


## 21 FUND INVESTMENTS

The 21 Fund is a dedicated investment fund to support early-stage investment opportunities. These are primarily companies with products or solutions already selling in the marketplace with meaningful customer traction. They have shown some mastery of operational infrastructure, expertise, and planning needed to pursue an initial scale-up from institutional investors or individual investors.

All of the following 21 Fund Investments have been reviewed and approved in public meetings of the Entrepreneurship Committee of the Board of Directors of the Indiana Economic Development Corporation in accordance with the 21 Fund Investment Policy, which was presented to the State Budget Committee in October 2015.

Company	City	County	Sector	21 Fund Investment \$	Investment \$ from Other Investors	Investment Approval Date
Diagnotes	Indianapolis	Marion	Information Technology	\$500,000	\$1,000,000	09/22/16
<b>Total</b>				<b>\$500,000</b>	<b>\$1,000,000</b>	



## Diagnotes, Inc.

Indianapolis, IN (Marion County)  
Sector: Information Technology  
Focus: HIPAA-compliant Mobile Communication



### COMPANY SUMMARY

Diagnotes, Inc. is an Indianapolis-based health IT solutions provider with a HIPAA-compliant mobile communication system that gives medical groups the tools to improve communication among providers, patients and staff. The Diagnotes system is available on smartphones, tablets and the web and is comprised of 5 interlocking components: secure texting, provider scheduling, clinical documentation, answering service automation and EHR integration. By enabling more effective communication, Diagnotes increases revenue, decreases cost and enhances both provider and patient experience for its clients.

The company CEO Dave Wortman is a strong leader as evidenced by his past success, and has attracted a strong team. The board is comprised of primarily local executives and might benefit from national representation as the company looks to expand outside Indiana.

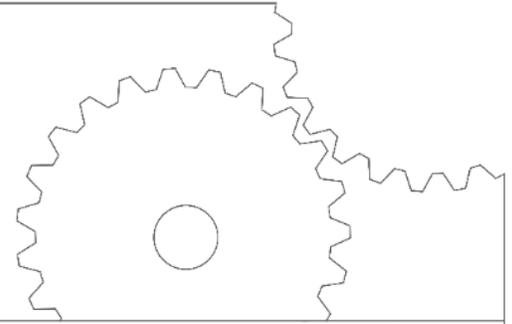
While estimates indicate there to be over 100 providers of secure healthcare communication solutions, there are very few leaders. Diagnotes is well-positioned from a competitive standpoint, but will need to leverage their successes in Indiana into more markets to drive brand awareness. In recent months, Diagnotes has been able to hone in on the ideal target market. They have demonstrated their ability to acquire large hospital systems and expand their footprint within these systems. While the sales process is working well in central Indiana, the process will be tested as they attempt to replicate it in other regions. Customers are very pleased with both the product and the team resulting in several very well-known compelling references.

### FINANCIAL SUMMARY

Year	2015	2016	2017
Revenue (in Millions)	\$0.3	\$0.8	\$2.0
Cumulative Headcount	12	14	19

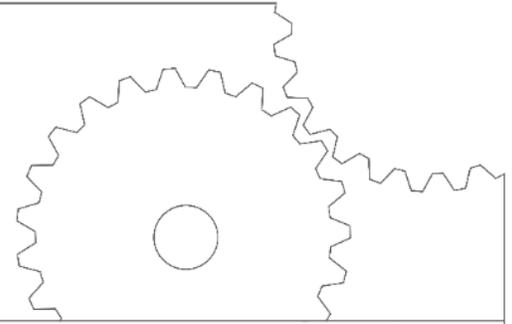
### INVESTMENT SUMMARY

- » Previous Investment – Federal Angel Fund Dollars - \$495,077.81
- » Total Investment Round Target – \$1,500,000
- » 21 Fund Participation – Up to \$500,000 (33.3% of the total investment round)
- » Target Co-investors – existing and new individual and institutional investors, and regional venture funds



## INVESTMENT ANALYSIS

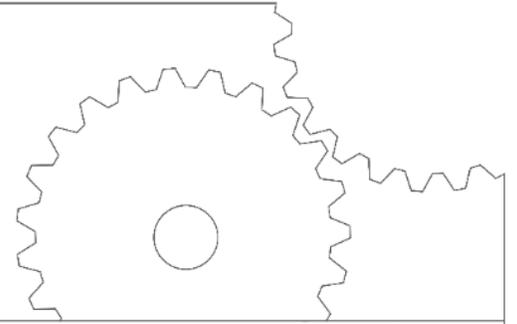
- » Strengths
  - Team–complementary skills and prior startup and growth ventures experience
  - Market–sizable and growing market, initial demonstration of repeatable sales process
  - Product–well-developed value proposition and integration opportunities with electronic medical records
  - Customer–identified and proven target customers in selected geographies
  - Return–capital structure reasonable for institutional investment



## SBIR/STTR PHASE I MATCHING PROGRAM

After decades of existence, the Small Business Innovation Research and Small Business Technology Transfer programs (SBIR/STTR) have established themselves as two of the most effective technology commercialization programs in the federal government and important sources of pre-seed and seed-stage non-dilutive capital. SBIR/STTR programs are highly competitive and encourage small businesses to explore their technological potential. Federal agencies participating in the SBIR/STTR programs award funding in three phases. The State of Indiana provides matching grants to Phase I awardees.

Company	City	County	Federal Agency	Grant Type	Federal Grant Amount	State Match Amount	State Match Approval Date	Project Description
Candent Technologies	Greenfield	Hancock	DOD	SBIR	\$149,584.00	\$50,000.00	7/28/16	Structurally Embedded Heat Exchanger
Perceive	West Lafayette	Tippecanoe	NSF	SBIR	\$225,000.00	\$50,000.00	7/28/16	Large-Scale Behavioral Analysis Utilizing Convolutional Neural Networks and Its Application to In-store Retail Marketing
Anagin	Indianapolis	Marion	NIH	SBIR	\$367,687.00	\$50,000.00	9/12/16	High throughput screen to identify small molecule analgesics targeting nNOS/NOS1AP protein-protein interactions
QRKanswer	Indianapolis	Marion	NIH	SBIR	\$279,838.00	\$50,000.00	9/12/16	A Novel STAT3 Inhibitor Targeting its DNA-Binding Site for Drug Development
Trellis Growing Systems	Fort Wayne	Allen	USDA	SBIR	\$99,961.00	\$49,980.50	9/12/16	Low Trellis Production and Harvesting System for Hops
Tymora Analytical Operations	West Lafayette	Tippecanoe	NIH	SBIR	\$225,000.00	\$50,000.00	9/12/16	Developing novel RPPA for the detection of metastatic prostate cancer
<b>Total</b>					<b>\$1,347,070.00</b>	<b>\$299,980.50</b>		



## ELEVATE PURDUE FOUNDRY FUND

Under a partnership among Purdue University, Elevate Ventures and the Indiana Economic Development Corporation, the Elevate Purdue Foundry Fund (the "EPFF") was established to provide funding and advisory support to seed-stage high-potential companies within the Purdue ecosystem. The EPFF has two stages of capital investments: Black Award and Gold Award. For the Black Award, the EPFF invests up to \$20k in seed-stage companies; for the Gold Award, the EPFF invests up to \$80k in Black Award winners that meet established milestones.

There were no EPFF awards in the third quarter.

EPFF was open to applications in Q3 2016, and as a result of review processes, new awards are expected in Q4 2016.