21 FUND QUARTERLY REPORT TO THE STATE BUDGET COMMITTEE

Q4 2015

Indiana
A State that Works®

OVERVIEW

In 1999, the General Assembly established the Indiana Twenty-First Century Research & Technology Fund ("21 Fund") to serve as a catalyst for innovation in order 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 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 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
Vennli	South Bend	St. Joseph	Information Technology	$1,500,000	$3,500,000	11/02/15
Go Electric	Anderson	Madison	Advanced Manufacturing/Energy	$1,000,000	$3,000,000	12/09/15
ApeX Therapeutics	Indianapolis	Marion	Life Sciences/Therapeutics	$1,500,000	$4,000,000	12/09/15
Total				**$4,000,000**	**$10,500,000**	

Vennli, Inc.

South Bend, IN (St. Joseph County)
Sector: Information Technology
Focus: Growth Strategy Formulation and Analytics Platform

COMPANY SUMMARY

Vennli provides an easy-to-use cloud-based software platform to help businesses identify the factors that their customers weigh when making purchase decisions and reveal the extent to which they and their competitors are filling their needs.

Significant market differentiation lies in its focus on growth strategy discovery and execution based on the voice of the customer. Its proprietary algorithm for mapping product choice factors is based on University of the Notre Dame professor Joe Urbany's three-circle growth model (vLens) and has been used on over 800 growth cases through classes at the University of Notre Dame. Its value proposition relative to other alternatives such as traditional market research, consulting and DIY methods is to provide a faster and more efficient way to deliver real-time, continuous, visualized customer insight to drive strategic decision-making.

FINANCIAL SUMMARY

Year	2015	2016	2017
Revenue Projection (in Millions)	$1.0	$4.1	$11.7
Cumulative Headcount	21	35	72

INVESTMENT SUMMARY

- » Previous Investment - State 21 Fund Dollars - None | SSBCI Federal Dollars - $500,000 in 2014
- » Total Investment Round Target - $5.0 million
- » 21 Fund Participation - Up to $1.5 million (30% of the total investment round)
- » Target Co-investors - current management, existing individual investors, and regional venture funds

INVESTMENT ANALYSIS

- » Strengths
  - Team–complementary skills, prior startup and growth ventures experience, and personal investment in alignment with the business
  - Market–sizable market, initial demonstration of repeatable sales process and a lot of venture capital interest in B2B Software-as-a-Service applications
  - Product–well-developed value proposition and technical scalability
  - Customer–identified and proven target customers and use cases
  - Return–capital structure reasonable for institutional investment
- » Risks
  - Market–comparatively low barrier to entry; speed-to-market is critical

Go Electric, Inc.

Go Electric

Anderson, IN (Madison County)
Sector: Advanced Manufacturing/Energy
Focus: Demand Response Solution with Integrated UPS and Micro Grid Power Management Systems

COMPANY SUMMARY

The USA power grid infrastructure is aging–60% of the transmission and distribution system is over 50 years old. Energy demand is increasing and utilities can't afford to build new power plants. Power outages cause an annual loss cost of $119 billion to businesses and homeowners and reduce military readiness. Renewable energy integration is causing further disruptions. A more reliable, lower cost electric power transmission and distribution model is needed.

Demand response allows energy users of all kinds to act as "virtual power plants," adding stability to the grid by voluntarily lowering their demand for electricity. Practically speaking, electricity cannot be easily stored on a large scale. As a result, supply and demand must remain in balance in real time. Traditionally utilities have leveraged peaking power plants to increase power generation to meet demand. Demand response works from the other side of the equation – instead of adding more generation to the system, it pays energy users to reduce consumption. Utilities pay for demand response capacity because it is typically cheaper and easier to procure than traditional generation.

Go Electric has developed LYNC™ DR, an energy services solution that seamlessly integrates customer-side of the meter energy resources and delivers energy services to the local utility and the customer. LYNC™ DR provides utilities with demand response services including capacity, aggregation, regulating reserve, Volt/VAR support, frequency response, accelerated energy delivery and black start. LYNC™ DR provides customers with uninterruptible power, peak load shaving, power quality correction and load shifting. LYNC™ DR is Open ADR certified for easy integration with utility demand response programs, and is a plug and play system that easily installs at a customer site.

FINANCIAL SUMMARY

Year	2015	2016	2017
Revenue Projection (in Millions)	$.8	$6.2	$14.6
Cumulative Headcount	6	18	30

INVESTMENT SUMMARY

- Previous Investment - none
- Total Investment Round Target - Up to $5.0 million
- 21 Fund Participation - Up to $1.0 million (20% of total investment round)
- Target Co-investors - GXP Investments

INVESTMENT ANALYSIS

» Strengths
    - Team – complementary skills, prior startup and growth ventures experience
    - Market – sizable market, initial demonstration of customer interest in integrated power management products via DoD and municipality contracts
    - Product – well-developed value proposition and technical scalability
    - Customer – identified target customers and use cases
    - Return – secured the right institutional investors for growth, capital structure reasonable for institutional investment

» Risks
    - Market/product – the demand response product suites are yet be fully deployed on site with customers

ApeX Therapeutics

Indianapolis, IN (Marion County)
Sector: Life Sciences/Therapeutics
Focus: Ref-1/APE1-Based Drug Therapy for Pancreatic Cancer

COMPANY SUMMARY

Pancreatic cancer is one of the most deadly forms of cancer. Progress in the treatment of pancreatic cancer over the past several decades has been minimal and effective therapeutic options for pancreatic cancer remain an area of high unmet medical need. According to the American Cancer Society, for all stages of pancreatic cancer combined, the one-year relative survival rate is 20%, and the five-year rate is 6%. Currently approved chemotherapeutic treatments include combination and single-agent use of paclitaxel, cisplatin, gemcitabine (Gemzar®), and 5-flurouracil, among others. Recent advances in targeted therapy have shown little progress in this cancer type and typically at the cost of toxic side effects.

ApeX Therapeutics is a clinical stage biotechnology company focused on developing breakthrough therapies targeting Ref-1/APE1. Its lead drug candidate - APX3330 - is being developed for pancreatic cancer. The tolerability and dosing of APX3330 has already been established by a Japanese company through a previous development program in non-cancer indications, but was never commercialized for business reasons. The FDA has confirmed acceptance of this data for regulatory purposes enabling ApeX Therapeutics to proceed directly to clinical evaluation of APX3330 for pancreatic cancer. ApeX Therapeutics has exclusive rights to allowed patents on the use of APX3330 in various cancers. The company is seeking $5.5 million to file an IND and initiate a phase I clinical study in 2016. Phase II/III clinical trials are likely to start in 2018, with planned product launch in 2021.

FINANCIAL SUMMARY

Year	2015	2016	2017
Revenue Projection (in Millions)	$0	$0	$0
Cumulative Headcount	9	9	9

INVESTMENT SUMMARY

- Previous Investment - none
- Total Investment Round Target - $5.5 million
- 21 Fund Participation - Up to $1.5 million (27% of total investment round)
- Target Co-investors - current management, existing individual investors, and regional venture funds

INVESTMENT ANALYSIS

- Strengths
  - Team – complementary skills, prior startup and growth ventures experience, and personal investment in alignment with the business

- Market - sizable market
- Product - well-developed safety profile
- Customer - identified and proven target customers and use cases
- Return - capital structure reasonable for institutional investment

» Risks

- Financing - large amount of financing needed for company to move into Phase II/III clinical trials
- Regulatory - Therapeutic compounds like this have a known regulatory pathway. The safety data makes the risk profile of Phase I trials relatively low for ApeX. The question of efficiency is still largely unknown.

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	Grant Type	Federal Grant Amount	State Match Amount	State Match Approval Date	Project Description
Emphymab	Indianapolis	Marion	SBIR	$227,766	$50,000	10/19/15	Development of a Fully Humanized Antibody for Treating Lung Emphysema
NeuroFx	Indianapolis	Marion	SBIR	$203,304	$50,000	10/19/15	Validation of a Stroke Therapy Comprised of Synergistic Stem Cell-Derived Factors
CreateAbility Concepts	Fishers	Hamilton	SBIR	$74,932	$37,466	11/02/15	HEADLAMP - A Tablet and Smart-Glasses-based Home Electronic Aids for Daily Living System for People Who Cannot Use Their Hands
Aeon Imaging	Bloomington	Monroe	STTR	$221,519	$50,000	12/22/15	Lowering the Cost of Imaging for Retinal Microwasculature in Diabetic Patients
Total				**$727,521**	**$187,466**		

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.

Company	City	County	Award Type	Award Amount	Award Approval Date	Company Description
Davista Technologies	West Lafayette	Tippecanoe	Black	$20,000	12/16/15	a high-tech company that specializes in the field of visual analytics with a focus on transforming massive amounts of data into easily understood, actionable information from a multitude of source formats including text, audio and visual data
Imagine Medical Device	Fishers	Hamilton	Black	$20,000	12/16/15	a medical device startup commercializing an innovation that could help people in the advanced stages of diabetes through the safe delivery of high concentration insulin through the development of a syringe specifically designed for that purpose
Neuro Vigor	West Lafayette	Tippecanoe	Black	$20,000	12/16/15	a life sciences startup working to improve the lives of patients suffering from neurological diseases or injury to the central nervous system. The company is developing novel drug treatments and diagnostic approaches to reduce symptoms, disability and pain by targeting neuro-toxins which increase inflammation and damage nerve cells
Phicrobe	West Lafayette	Tippecanoe	Black	$20,000	12/16/15	a life sciences startup commercializing a technology that could provide a rapid, simple and inexpensive test for the detection of E. Coli
Akanocure Pharmaceuticals	West Lafayette	Tippecanoe	Gold	$60,000	12/16/15	a life sciences startup developing a technology that could synthesize and develop anticancer chemotherapeutic

						drugs derived from natural sources
Jewell Lab	West Lafayette	Tippecanoe	Gold	$60,000	12/16/15	a life sciences startup developing novel cyclodextrin polymer materials for applications in Niemann-Pick Type C disease, magnetic resonance imaging, and delivery of biotherapeutic agents
Skyepack	West Lafayette	Tippecanoe	Gold	$60,000	12/16/15	a technology startup that is reducing the cost of education by helping to transition printed textbooks to a digital content platform
Total				**$260,000**		