



To: Members of the Joint Standing Committee on Innovation, Development, Economic Advancement and Business (IDEA)

From: Small Enterprise Growth Fund d/b/a/ Maine Venture Fund
John Burns, Managing Director
Joe Powers, Principal

Date: January 20, 2021

Dear Chairs Curry and Roberts:

On behalf of the Small Enterprise Growth Board and staff of the Fund, we look forward to providing you and your colleagues with an introduction (or update!) on the work and mission of Maine Venture Fund.

Despite a challenging 2020, MVF put a record amount of capital to work, and worked closely with private and public entities and individuals to help numerous promising Maine companies survive, and some even to thrive, through this devastating pandemic.

We look forward to seeing you all to seeing you all tomorrow.

Sincerely,

A handwritten signature in black ink, appearing to read "John F. Burns".

cc: Jody Breton, Committee Clerk
Samuel Senft, OPLA Analyst

Who we are: Maine Venture Fund (MVF) was created by an act of the Maine Legislature in 1995 as the Small Enterprise Growth Fund to provide Maine companies and entrepreneurs access to patient sources of venture capital. The fund is a revolving “evergreen” fund capitalized with \$19.5 million dollars; all income and returns are recycled for investment in additional Maine companies. MVF is a professionally managed venture capital fund that invests exclusively in Maine companies that demonstrate a potential for high growth and public benefit that will contribute to the prosperity of Maine.

What we do: MVF “fills the financing gap” between R&D activities and bank debt by investing in small Maine companies with the potential to scale and contribute to Maine’s prosperity. MVF typically purchases shares in these companies with the expectation of selling these shares at a higher price in the future. A typical investment in a company is \$400,000 over time. MVF co-invests with individual investors, “angels” and angel groups, and other venture capital funds. In general, for every \$1 million invested by MVF, an additional \$8 million in “outside” funds is invested.

MVF Investment Activity Highlights (as of June 30, 2020):

- Received \$19,500,000 in capital from the State of Maine since 1995
- Invested \$25.3 million in 75 Maine companies with an average investment of \$336,000
- Catalyzed nearly \$201.4 million of additional venture capital and angel investment into Maine companies
- Portfolio companies have employed 542 people per year on average since 1997
- Current portfolio companies employ 529 and many have equity ownership
- From 2012 – 2018, MVF deployed over \$4.9 million in additional capital into Maine companies from the Federal Government’s State Small Business Credit Initiative
- Maintain relationships with a broad range of regional equity and near-equity providers

Current Status of the Fund:

- Thirty-one portfolio companies, from cyber security to software to an eel farm; from start-up to growing concerns
- The Fund has had several significant exits that have been recycled, allowing investment in additional Maine companies; several others are poised for possible liquidity events

Current climate for risk capital provision in Maine:

- Both supply and demand of capital for innovative and scalable Maine companies appears to be increasing
- The Maine Seed Capital Tax Credit Program is recapitalized with \$15mm for 2021
- MVF connects with well over 100 Maine companies per year that are seeking risk capital
- Maine is seeking to boost talent and R&D over the next decade to stimulate the innovation economy; risk capital is the essential next step after R&D to commercialize products and scale companies.

Investment Overview	2014	2015	2016	2017	2018	2019	2020
# of MVF investments	11	8	9	8	10	15	17
MVF Investments (\$MM)	\$1.5	\$1.0	\$1.3	\$1.1	\$1.1	\$2.1	\$2.7
Co-investment (\$MM)	\$24.9	\$2.7	\$8.3	\$5.1	\$7.9	\$20.3	\$21.6
Total Investment in Maine Companies (\$MM)	\$26.4	\$3.7	\$9.6	\$6.2	\$9.1	\$22.4	\$24.4
# of Portfolio Companies	23	27	27	25	25	26	31
FTE Employees	422	548	667	727	696	767	529

Funds under management:
\$19.5 million

Current portfolio companies:
31

Board of Directors:
John Murray, Chair
Tom Dunne, Vice Chair
Theresa Hodge, Treasurer
Elizabeth Chabe
Helen Sterling Coburn
Peter DelGreco
Claire DeSelle
Susan Hammond
Brien Walton
Charlotte Mace, DECD
Designee

Management Team:
John Burns, CFA
Managing Director
Joe Powers
Principal
Terri Wark
Office Operations Manager

Current Portfolio:
Abierto Networks | Academic Merit | Aiko Biotechnology | American Unagi | Amplify | Cerahelix | Chemogen | Chimani | CourseStorm | Defendity | Dream Local Digital | Farming Fungi | Gelato Fiasco | HighByte | Hyperlite Mountain Gear | Maine Craft Distilling | Mathematics & Problem Solving | MedRhythms | Mingle Analytics | Mobile Price Card | NearPeer | Nyle Systems | Ocean Approved | Orono Spectral Solutions | Pumpspotting | Reconnect | REDD | SeaBags | Shellfish Solutions | Vetro

Company Locations:
Cumberland, York, Oxford Knox, Hancock, Lincoln, and Penobscot counties.