

**LaunchNY**

# 2020 ANNUAL REPORT

Launch NY is a nonprofit venture development organization in Upstate New York. We provide pro bono mentoring and access to the most active seed fund in New York State for high-growth startups.



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Assistant Secretary  
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**Scott Terhaar, C.P.A., M.B.A.**

Treasurer  
COO, Launch NY

# A LETTER FROM LAUNCH NY PRESIDENT AND CEO



Thanks to the support and teamwork of so many, in 2020 Launch NY was able to serve as a reliable resource for high-growth startups across our region during a year marked by the unprecedented impact of the COVID-19 pandemic. At a time of so much uncertainty, which persists even today, entrepreneurs did what they always do, show grit in the face of adversity. Building on our longstanding use of virtual communications to reach startup companies, investors, and stakeholders over a large geography, Launch NY rapidly responded to the pandemic by moving to 100% virtual engagement to drive a year that can only be described as having a silver lining despite the hardships.

Who would imagine that in the midst of a pandemic Casana (formerly Heart Health Intelligence) with its home health monitoring toilet seat technology could raise \$14 million or that Circuit Clinical with its clinical trials software platform could raise \$7.5 million, both companies accounting for dozens of jobs in our community when we needed them most. Inspired by the resilience of the companies we serve, Launch NY completed raising our first for profit fund at \$5.425 million, exceeding our \$5 million target through the #InvestLocal spirit of over 70 limited partners. Likewise our new Investor Network with over 100 members closed on its first deals contributing to Launch NY almost doubling its lifetime investments in one year, reaching nearly \$5 million fueling our most promising entrepreneurs from 2016 to 2020.

Our commitment to diversity, equity, and inclusion blossomed even further through our new JPMorgan Chase-sponsored Founders Go Big program for minority- and women-led enterprises and the addition of numerous persons of color to our board of directions, Entrepreneurs-in-Residence, consultants, and staff, including expats who were eager to give back to a community they love. Knowing that high-growth startups are the lifeblood of new job creation across this country, Launch NY remains as committed as ever to our mission of making inclusive economic prosperity a reality for our entire community through high-impact entrepreneurship.

*Marie LaVigne, PhD*



## BUILDING THE ECOSYSTEM MOMENTUM SINCE 2012



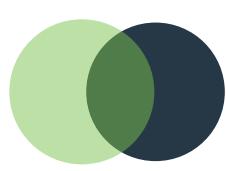
STARTUPS  
MENTORED



FUNDS RAISED  
BY MENTORED  
COMPANIES



JOB SUPPORTED



MINORITY AND/OR  
WOMEN-LED  
PORTFOLIO COMPANIES



COMPANIES  
FUNDED  
PER MONTH

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**1,168**

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**\$813MM**

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**4,049**

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**43%**

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**2-4**



# WHAT WE DO: MENTORSHIP



## ONLINE APPLICATIONS

Companies Apply for Program Services

**161**

New Companies Applied



## CLIENT INTAKE CALLS

Qualify Companies for Services

**99**

Intake Calls Conducted



## MENTORSHIP

Companies Prepare for Investment

**2,259**

EIR Mentorship Hours for New and Existing Companies



## LAUNCH NY SEED FUND APPLICATIONS

EIR Support for Submissions

**37**

Companies Applied

## ACCELERATING THE ENTREPRENEURIAL JOURNEY

Since 2012 we have been providing startups with vital guidance, connections to expert resources, and access to funding required to develop, demonstrate, and grow new products and services. Modeled after best practices among venture development organizations across the country, the process starts with mentorship first.

Companies begin with an online application and telephonic intake call, then they are assigned to one of over 30 Entrepreneurs-in-Residence (EIRs) to provide coaching, technical assistance, and preparation for investment capital from Launch NY and other investors. High-growth startups, defined as companies in any industry sector having the potential to reach \$10 million in annual revenue by years 5-7, benefit by working with EIRs using the internationally recognized Business Model Canvas for a minimum of 3 months before doing their first “pitches” for funding. Launch NY also offers specialists through its National Mentor Network that provides targeted consultation on markets, technology, and other business areas.

Working closely historically with over 200 ecosystem partners, Launch NY and its clients were suddenly faced with the abrupt end of in person programs that were part of weekly if not daily interactions pre-pandemic. In the new COVID-19 environment, Launch NY redoubled its efforts beyond the 2,259 hours of virtual EIR mentorship by providing weekly customer discovery sessions, dedicated Slack channels, a COVID-19 Resource Web Page and outreach, webinars, and investor pitch forums, all delivered through remote, digital communications. Helping its resilient client companies work through the pandemic impacts took precedence. Launch NY remained on pace with its track record of mentoring 250 companies annually, including both new and existing clients, to fuel a robust pipeline of innovative, job creating ventures.



# WHAT WE DO: SEED FUNDING

It all started with Launch NY's Nonprofit Seed Fund in 2016, which quickly became the most active seed fund in New York State, attracting another 19 times in funding from others. In 2019 Launch NY embarked on new for profit #InvestLocal Financing Programs beating the odds by bringing these to fruition in 2020 in the midst of the pandemic. As the cornerstone of its investment programs, the Nonprofit Fund, one of the most active in the country, is built by grants and donations, with all returns coming back to the Fund to support future startups. Supported by Entrepreneur-in-Residence mentorship, companies apply for \$25,000 to \$100,000 from the Nonprofit Seed Fund after which they undergo robust due diligence, investment committee review, funding transactions, and portfolio management by Launch NY's team. Among funders who seek to "do good while doing well" - part of the new impact investing movement - the new for profit programs rallied nearly 125 accredited investors from the private sector to invest alongside the Nonprofit Fund. These for profit programs feature the Launch NY Limited Partner Fund and the Investor Network, the only online investor community exclusively dedicated to supporting Upstate NY startups, including offering Qualified Opportunity Funds with special tax incentives. The net result? Coordinated equity capital fundraising made easy for startups and investors.

## INVEST LOCAL



LNY  
Nonprofit  
Seed Fund



LNY  
Limited Partner  
Fund

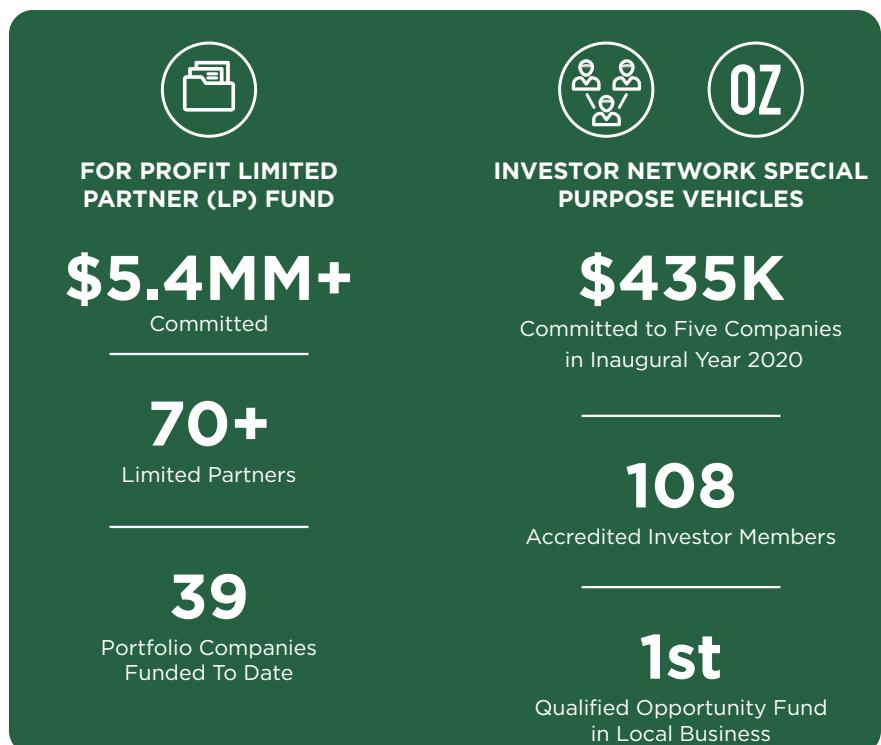


LNY  
Investor  
Network SPVs\*



OZ  
LNY  
Qualified  
Opportunity  
Fund SPVs\*

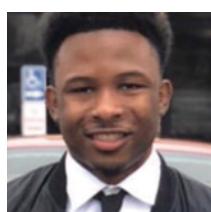
\*Special Purpose Vehicles





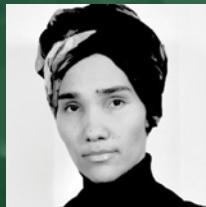
# FOUNDERS GO BIG

JPMorgan Chase's funding spurred Launch NY to introduce the Founders Go Big (FGB) initiative in 2020 to enhance the engagement of underrepresented, disadvantaged founders in creating high-growth potential businesses. Leveraging Launch NY's longstanding history of serving over 40% women- and/or minority-led companies through its mentorship and financing programs, the goal of FGB is to build individual company successes while creating a community in which all individuals can be empowered to transform the local economy. Fully virtual to accommodate the pandemic, FGB served 20 companies with weekly customer discovery workshops and one-on-one coaching through a diversified Entrepreneur-in-Residence mentor pool. Additionally, the program embarked on the development of tailored outreach methods and content to connect with those who traditionally have been underserved by entrepreneurship service organizations supporting scalable businesses.



*Launch NY has helped me in so many ways from growing my business to providing mentorship opportunities. Not to mention, Founders Go Big, which helped me realize who my true customer is. There is so much this program has to offer, and I am honored to be a part of it.*

“  
**Chad Williams,**  
Founder and CEO, dooProcess,  
Social Justice Fashion Company



*The Founders Go Big Program helped me hone my customer discovery strategy, with insightful feedback. Meetings with my Launch NY mentor have yielded clarity, new perspectives, and meaningful connections.*

“  
Melissa Mueller-Douglas  
Founder and CEO, MyRetreat,  
Online Mindfulness Self-care Company

*As a woman-led SaaS company and proud Launch NY portfolio company, we have experienced an incredibly high level of support and engagement from the EIR's, the CEO, and the staff. One of the most interesting strengths of this organization has been their ability to organically evolve their mentoring approach in lock-step with the growth of our company. They are both creative and quality-focused.*

“  
Carley J. Hill  
Founder & CEO, CAHill TECH,  
Workplace Training and Safety Company



## MANAGING CRISIS THROUGH COLLABORATION

When the pandemic hit, startups and small businesses were severely affected, yet they were among the least prepared to access help through COVID-19 relief programs. Fortunately, our region had laid the groundwork to assist. After Launch NY was designated as a Community Development Financial Institution (CDFI) by the U.S. Department of Treasury in 2017, based on financing businesses especially those led by underrepresented founders in low income neighborhoods, we led the formation of a CDFI Consortium including three other CDFIs in the region that provide debt capital to small businesses. Engaging CDFI partners, PathStone Enterprise Center, Pursuit, and Westminster Economic Development Initiative (WEDI), this powerful collaboration joined forces among local stakeholders to create the CapitalConnectNY.org, as the only one-stop portal for business owners seeking funding or advice, along with UpStartNY.org, the first digital entrepreneurship publication, to share the untold stories of local startups and entrepreneurs who are overcoming challenges to transform their businesses and our local economy.

Well-positioned with this well-coordinated effort engaging dozens of additional stakeholders in ongoing monthly webinars, Launch NY and its partners introduced COVID-19 relief resource programming and communications. Through dedicated Web pages, educational webinars, and one-on-one virtual meetings, we provided direct technical assistance to help business owners tap programs such as the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL), as well as other local relief funding initiatives. As the pandemic environment evolves, Launch NY and its partners are likewise adapting our mentorship and financial support to address the breadth of needs impacting entrepreneurs at all stages of business development.



# EMERGING CLEANTECH OPPORTUNITY (ECO)



FUNDS  
RAISED BY ECO  
COMPANIES

\$125MM+



TOTAL ECO  
COMPANIES  
SERVED

26



ANNUAL  
COMPANY  
REVENUES

\$14.2MM+



JOB  
SUPPORTED BY  
ECO COMPANIES

175+

In April 2018 Launch NY was named as the newest among six New York State Energy Research and Development Authority (NYSERDA) Incubators for high-growth cleantech businesses. The Emerging Cleantech Opportunity (ECO) Incubator builds on Launch NY's robust infrastructure to provide specialized services for companies seeking to meet aggressive clean energy goals. The ECO Incubator offers industry-specific one-on-one mentoring, networking events, access to funding, and additional NYSERDA resources to help early-stage companies achieve key milestones and accelerate their time to market.

The ECO Incubator supports clients across a wide range of industry sectors including advanced manufacturing, demand management and energy efficiency, energy storage, energy transmission and distribution, financial technology (fintech), power generation, sustainability and waste management, and transportation. In 2020 Launch NY introduced a new partnership with NOCO whose diversification from its fossil fuel industry history to cleantech-oriented business lines is a model of powerful corporate partnership in new economy innovation. We actively pursue and welcome engagement with stakeholders who want to build a robust climatetech community.



*Launch NY has been an incredible partner to HELIXintel. Their support in the form of mentorship, investment, and funding has helped us move faster to help small businesses organize and care for their equipment.*

“  
Jon DeWald

Founder and CEO, HELIXintel,  
Infrastructure Management Software Company



*Launch NY's ECO Incubator gave us access to exactly the kind of resources we needed to take our data analytics company to the next level. This positioned Troue Predictive Sciences to be acquired by E Source, and now we're growing faster than ever right here in Buffalo while revolutionizing the utility industry across the globe.*

“

Adam Stotz  
Chief Technology Officer, E Source

*EagleHawk would not be where it is today without the support of Launch NY. The coaching and the mentorship provided early on helped us position our business to raise capital. Then when we started to raise capital, Launch NY's commitment was seen as a vote of confidence and helped us secure commitments from other angel investors. We feel very fortunate to be a part of the Launch NY family.*



“

Patrick Walsh  
Co-Founder & CEO, EagleHawk

## OUR 2020 ECO CLIENT HIGHLIGHTS



A woman-led wind turbine technology spawned from University at Buffalo research, received a \$1MM U.S. Air Force product development grant.



CleanFiber, a cellulose insulation manufacturer using recycled material, grew to 40 employees and raised over \$28MM in funding to date to expand operations.



Combplex, an optical technology company eliminating harmful mites from honeybee colonies, won \$500,000 in the 76West Clean Energy Business Plan Competition.



EagleHawk, an infrastructure maintenance software system using drone technology, was awarded a NYSERDA Ignition Grant for product development and grew to 10 employees.



Trove, an analytics company serving the utility industry, was acquired in February 2020 by Colorado based E Source, becoming ECO Incubator's first graduate and successful exit.



# #INVESTLOCAL FINANCING PROGRAMS



## NONPROFIT SEED FUND

Launch NY's Nonprofit Seed Fund was established in 2016 as a single member owned entity that was designed to create an "evergreen" self-sustaining source of equity capital to fuel startups during their proof-of-concept and early growth phases. Capitalized at \$5 million to date, typically making five figure investments in 2-4 companies each month as the most active seed fund in NYS, the fund continues to grow toward a target of \$15 million from grants and donations, including those dedicated to funding underrepresented founders and businesses in low income areas.



## LIMITED PARTNER FUND

The Limited Partner Fund is a new for profit fund, introduced in February 2019 and closed in 2020 at \$5.425 million as a co-investment vehicle with the Nonprofit Seed Fund, effectively doubling the capital injected into Launch NY portfolio companies, while providing the opportunity for future returns to more than 70 LPs through a typical 10-year structure. Our LPs are like-minded individuals, businesses and philanthropic organizations who care about innovation, regional economic prosperity, and our startup ecosystem.



## INVESTOR NETWORK

The Investor Network is the first and only on-demand digital marketplace solely featuring investment opportunities exclusively in startup companies in Upstate New York from Launch NY's portfolio. Making its first investments in 2020, the Investor Network affords accredited investors direct access to review due diligence for companies of their choice from the convenience of their laptop, tablet, or smartphone, then invest as little as \$10,000 to six figures through a Special Purpose Vehicle (SPV) in the form of an LLC organized and managed by Launch NY.



## QUALIFIED OPPORTUNITY FUND

Based on the unprecedented tax incentive introduced via the 2017 Tax Cuts and Jobs Act, Launch NY introduced Qualified Opportunity Funds (QOF) as a special application of its Investor Network designed to stimulate startup activity in low income areas known as Opportunity Zones. Launch NY provided the first widely available investment in an operating business through a QOF for as little as \$10,000 from eligible capital gains in qualified companies to defer and mitigate tax payment on the gains, while eliminating future tax burdens on any appreciation on the investment.



**\$2.23MM**

Total funding invested from Launch NY's #InvestLocal Financing Programs last year, which more than doubled Launch NY's investment capital deployed to a total of

**\$4.9MM**

since 2016.



# #INVESTLOCAL FINANCING PROGRAM INVESTMENTS BY YEAR

## FY2020: \$2,230,000

Number of New Investments: 37  
Number of Follow on Investments: 29  
Number of Investor Network Investments: 5  
Qualified Opportunity Fund Investments: 1  
Total Investments Since Fund Inception: 159

## FY2019: \$1,160,000

Number of New Investments: 16  
Number of Follow on Investments: 9  
Total Investments Since Fund Inception: 74

## FY2018: \$762,500

Number of New Investments: 13  
Number of Follow on Investments: 9  
Total Investments Since Fund Inception: 49

## FY2017: \$600,000

Number of New Investments: 14  
Number of Follow on Investments: 6  
Total Investments Since Fund Inception: 27

## FY2016: \$225,000

Number of New Investments: 6  
Number of Follow on Investments: 1  
Total Investments Since Fund Inception: 7

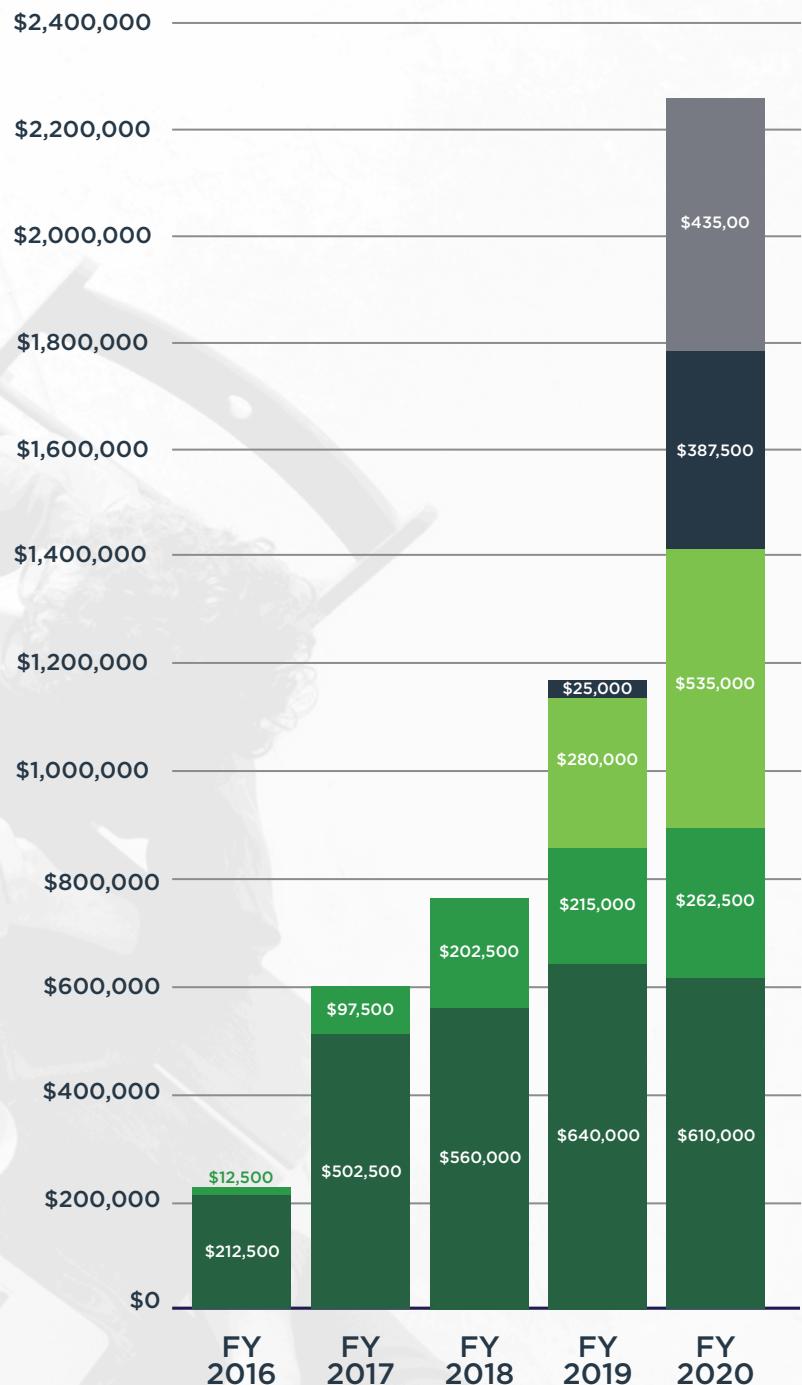
Total Investor Network Commitments\*

Total LP Fund Follow-on Investments

Total LP Fund New Investments

Total Nonprofit Seed Fund Follow-on Investments

Total Nonprofit Seed Fund New Investments



\*Includes one Qualified Opportunity Fund



# BUILDING THE #INVESTLOCAL INVESTOR NETWORK

**COME JOIN INVESTORS NEAR AND FAR  
SUPPORTING STARTUPS RIGHT HERE**

What does it mean to #InvestLocal, and why do people want to do it? Accredited investors, including both individuals and organizations, want to put their money to work, and they do, but too often their wealth management strategy has little impact in their local economy. Today's investment options have changed, and the phrase "doing good while doing well" is driving a growing portion of investors who want to see innovation and a thriving new economy in a region they love - like Buffalo, Rochester, Syracuse, and the Southern Tier - while having a chance to make a profit.

Even before introducing its new Investor Network, Launch NY found that its leadership in investing in startups in Upstate NY facilitated its portfolio companies raising over 12 times in co-investment and follow-on from other funders. This participation of other funders has grown to over 19 times Launch NY's investment in 2020, which is significant progress toward fulfilling the demand it has had from its portfolio companies for 30 times Launch NY's investment. To address the needs of investors and startups, the Investor Network is providing the first on demand, digital community for new and experienced investors to consider funding startups that match their interests from the convenience of their laptop. Launch NY features its portfolio companies who are supported with Launch NY's mentorship, due diligence, deal formation, and portfolio management, while Investor Network members choose the companies and their investment amount for as little as \$10,000 per company to larger six figure investments.

Launch NY built the Investor Network to catalyze a sustainable investment community growing to over 100 investors in 2020 and targeting 300 in 2021. In its pilot phase in the midst of the pandemic Launch NY ended the year on a positive note with its largest commitment yet of \$275,000 from 10 investors in Circuit Clinical. We welcome those who want to learn more about this unique entrepreneurial ecosystem program and our no cost and no obligation to invest sign up at [launchny.org/investors/investor-network/](http://launchny.org/investors/investor-network/).



*I had been in the process of restructuring and getting things going. Connecting with Launch NY was the beginning of what's been a great run. Launch NY was really one of the very first checks that turned Circuit around, and really got the acceleration going.  
So thank you!*

*Irfan Khan, M.D.*

Founder and CEO, Circuit Clinical,  
Trials Management Software Company

*2020 highlight: raised \$7.5M Series B round and fueled 25 job*



**COMPANIES LISTED  
ON INVESTOR  
NETWORK**

**23**



**MEMBERS  
IN INVESTOR  
NETWORK**

**107**



**COMPANIES FUNDED  
BY INVESTOR  
NETWORK**

**5**



**CAPITAL  
COMMITTED BY  
INVESTOR NETWORK**

**\$435K**



# HEAR FROM OUR PORTFOLIO COMPANIES

SHOWING RESILIENCE AND PROGRESS IN THE FACE OF THE PANDEMIC



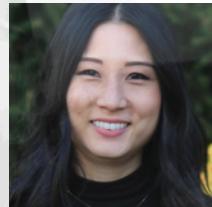
*Launch NY took a bet on Agapé, investing in us both pre-launch and pre-revenue. This early investment allowed us to grow beyond our SMS-based beta to a cross platform mobile app. We are so thankful for Launch NY's early support.*

“ Khadesha Bryant

Founder and CEO, Agapé,

Relationship-Building App Company

2020 highlight: launched and tested app with 250 users



*This was a big year at Antithesis as we simultaneously pivoted our business model while also planning another funding round. We cannot overstate how instrumental Launch NY's mentorship was in helping us reframe how we presented our new strategy. Brainstorm and feedback sessions with the Launch NY team helped to get at the core value proposition of our business and make our message crystal clear.*

“ Ashton Yoon

Co-Founder and COO Antithesis Foods Inc.,

Healthy Food Technology Company

2020 highlight: grew sales of plant-based, crunchy snacks



*Working with Launch NY, I successfully landed my first commitment from an investor, which turned the heads of the largest manufacturer of toilet seats in the US, who then led my Seed raise of \$2 million. All this set the stage for 2020. Despite the pandemic, we attracted and closed an 8-figure Series A from a premier venture capital firm and added industry leaders to our Board of Directors and leadership team.*

“ Nicholas Conn

Founder and CSO, Casana (formerly Heart Health Intelligence),

Smart Toilet Seat Technology Company

2020 highlight: raised \$14 million, employed dozens, and secured IPO-experienced CEO



*Launch NY has been a fantastic partner for Promptous since we received our first “yes” from the investment committee. That early financing helped us to get the first version of our product deployed, and the vote of confidence has helped us go further and reach our first customers.*

“ Philip McNight

Co-Founder and COO, Promptous,

Dental Benefits Company

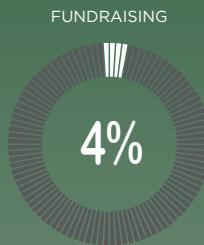
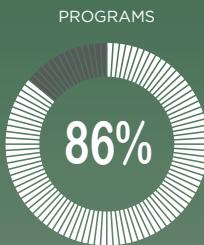
2020 highlight: launched first online insurance product



# 2020 FINANCIALS

## EXPENSES

PROGRAM	\$1,599,720
G&A	\$192,204
FUNDRAISING	\$64,792
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TOTAL EXPENSES*	\$1,856,716



\*Exclusive of seed fund investments made in 2020.

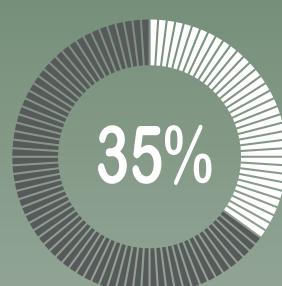
Launch NY Seed Fund investments are primarily categorized as long-term note receivables through convertible debt notes.

## REVENUES

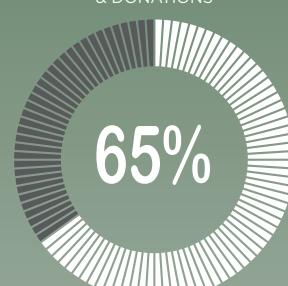
FEDERAL & STATE	\$1,234,704
PRIVATE FOUNDATIONS & DONATIONS	\$2,235,861
<hr/>	
TOTAL REVENUES	\$3,470,565

Note: This also includes other revenues such as interest.

FEDERAL & STATE



PRIVATE FOUNDATIONS & DONATIONS



## COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION

The United States Department of the Treasury's Community Development Financial Institutions (CDFI) designation is awarded to organizations dedicated to delivering responsible, affordable financial solutions to create economic revitalization in low to moderate income communities. Launch NY is among only 16 venture financing CDFIs in the country and is the only CDFI in New York State deploying capital directly into startup businesses. Since receiving CDFI designation, Launch NY has been awarded funding four years running for a total of \$935,000 from the CDFI Fund to fill regional gaps in access to "proof-of-concept" venture funding.



# OUR SUPPORTERS

WE WOULD LIKE TO THANK  
THE FOLLOWING FUNDERS FOR THEIR GENEROUS SUPPORT

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## PLATINUM SUPPORTERS

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RALPH C. WILSON, JR.  
FOUNDATION



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## GOLD SUPPORTERS

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JPMORGAN CHASE & CO.



nationalgrid



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## FOUNDERS' CIRCLE MEMBERS

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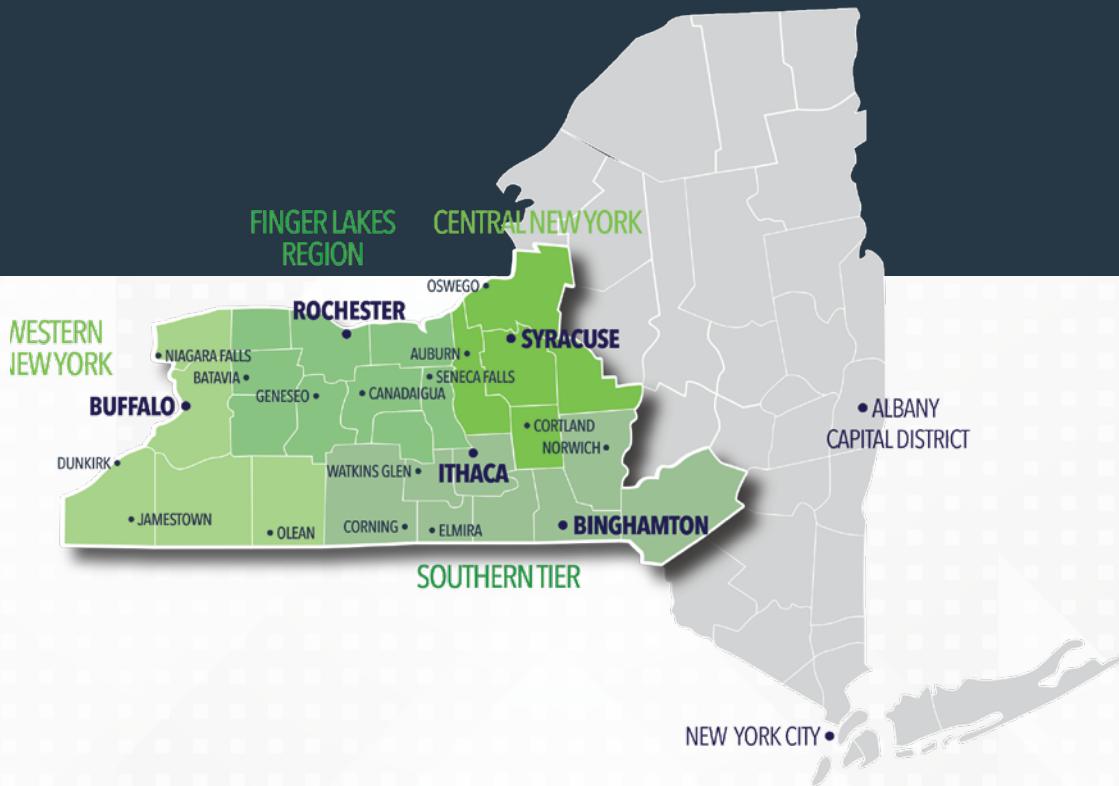


**43x79**  
Venture Group



# OUR MISSION

Launch NY is a United States Treasury-designated Community Development Financial Institution (CDFI) and 501(c)(3) nonprofit venture development organization that was established in 2012 to identify, support, and invest in high-growth, high-impact companies that create jobs, wealth, and economic prosperity, while catalyzing the entrepreneurial culture of Upstate New York through regional collaboration with ecosystem partners in our 27-county service area. We have served over 1,160 startup businesses, comprising over 4,000 jobs in Central New York, the Finger Lakes, the Southern Tier, and Western New York.



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[LaunchNY.org](http://LaunchNY.org)