

# OFFICE OF PERFORMANCE MANAGEMENT & OVERSIGHT

## FISCAL 2014 ANNUAL REPORT GUIDANCE

The Office of Performance Management & Oversight (OPMO) measures the performance of all public and quasi-public entities engaged in economic development. All agencies are required to submit an Annual Report demonstrating progress against plan and include additional information as outlined in [Chapter 240 of the Acts of 2010](#).

The annual reports of each agency will be published on the Office of Performance Management [website](#), and will be electronically submitted to the clerks of the Senate and House of Representatives, the Chairs of the House and Senate Committees on Ways and Means and the House and Senate Chairs of the Joint Committee on Economic Development and Emerging Technologies.

### Filing Instructions:

The Fiscal Year 2014 report is due no later than **Friday, October 3, 2014**. An electronic copy of the report and attachments A & B should be e-mailed to [James.Poplasky@MassMail.State.MA.US](mailto:James.Poplasky@MassMail.State.MA.US)

### 1) AGENCY INFORMATION

**Agency Name** Massachusetts Technology Development Corporation d/b/a MassVentures

**Agency Head** Walter M. Bird

**Title** President

**Website** [www.mass-ventures.com](http://www.mass-ventures.com)

**Address** 308 Congress Street, Boston MA 02210

### 2) MISSION STATEMENT

Please include the Mission Statement for your organization below.

**The purpose of MTDC is to provide financial and other assistance to innovative enterprises in Massachusetts that have the potential to expand and generate new jobs and tax revenue.**

### 3) PERFORMANCE AGAINST PLAN REPORT

Please provide details on the progress and accomplishments for Fiscal Year 2014 as it relates to the Fiscal Year 2014 Plan submitted by your agency. Plans are posted on the OPMO [website](#) for easy reference. This information should be included as **Attachment A and should include prior year perspective**. In addition to your

Performance to Plan Report, Questions 4 through 10 provides guidance on the specific information required under Chapter 240 of the Acts of 2010.

#### 4) ACCOUNTING

Please provide financial information for your agency. Below please give a summary of *Receipts and Expenditures* during the fiscal year, and include the *Assets and Liabilities* at the end of the fiscal year. Please include the most recent audited financial report for the agency as **Attachment B**.

	AMOUNT
Receipts	\$8,693,566
Expenditures	\$4,448,850
Assets	\$24,392,026
Liabilities	\$1,542,334

#### 5) INVESTMENTS OR GRANTS TO BUSINESSES OR INDIVIDUALS

Does your agency make **investments** and/or provide **grants** to businesses or individuals? Yes  No

If **Yes**, please provide detailed information on investments and/or grants made during FY14 in the **Performance Against Plan Report – Attachment A** section of this report. Information should include the number, nature and amounts of investments made and grants awarded by your agency along with job, investment and/or other economic development impact. Please list the name(s) of the investment and/or grant programs offered by your agency in the space provided below:

**The SBIR Targeted Technologies Program**

#### 6) DEBT OR EQUITY INVESTMENT DETAILS

Is your agency involved in **debt** or **equity investments** for businesses? Yes  No

If **Yes**, please provide detailed information on debt and/or equity investments made during FY14 in the **Performance Against Plan Report – Attachment A** section of this report along with job, investment and/or other economic development impact. Please list the name(s) of the debit and/or equity investments programs offered by your agency in the space provided below:

**Traditional Investment Program & Commonwealth Fund III Investment Program**

#### 7) LOAN DETAILS

Is your agency involved in **real estate loans**, **working capital loans**, or any **other type of loan** or **guarantee**? Yes  No

If **Yes**, please provide detailed information on loan(s) and/or guarantee(s) made during FY14 in the **Performance Against Plan Report – Attachment A** section of this report along with job, investment and/or other economic

development impact. Please list the types of loan(s) and/or guarantee(s) offered by your agency in the space provided below:

**Federal Revolving Loan Fund**

## 8) OTHER FORMS OF FINANCING OR FINANCIAL ASSISTANCE?

If your agency provides any other form of financing or financial assistance, please include FY14 details in the **Performance Against Plan Report – Attachment A** section of this report along with job, investment and/or other economic development impact. Please list the types of other forms of financing offered by your agency in the space provided below:

**N/A**

## 9) PATENTS OR PRODUCTS

Does your agency track **patents** or **products** resulting from agency-funded activities? Yes  No

If **Yes**, please include details in the **Performance Against Plan Report – Attachment A** section of this report along with job, investment and/or other economic development impact. Please list the agency-funded activities of your agency that promote patent and product advancement in the space provided below:

**Traditional Investment Program**

## 10) TECHNICAL ASSISTANCE

If your agency provides technical assistance, please provide detailed information on technical assistance provided during FY14 in the **Performance Against Plan Report – Attachment A** section of this report along with job, investment, and/or other economic development impact. Please list the name(s) of the technical assistance programs offered by your agency in the space provided below:

**Management Assistance Program**

## 11) MANAGEMENT TEAM

Please confirm that the senior management team listed on your website is accurate and report on any current or pending vacancies and/or replacements.

**The MassVentures management team is listed on its website. There are no pending vacancies at this time.**

## 12) BOARD OF DIRECTORS

If applicable, please confirm that the board of director information on your website is accurate and provide information on any current or pending board vacancies.

**3T**



**ANNUAL REPORT—**  
**FYE JUNE 30, 2014**

# Executive Summary

It was another busy year at MassVentures, the venture capital arm of the Commonwealth of Massachusetts. Originally named Massachusetts Technology Development Corporation, it was formed to support the formation and fuel the growth of innovative technology-driven companies in Massachusetts.

Through its investment gains, MassVentures has leveraged \$14M of state funding into \$92M of its own investments. More importantly, because of the capital and commitment of over 50 venture funds and angel groups with whom we partnered, more than \$1 billion has been invested in 139 portfolio companies, contributing to the growth of the Massachusetts economy.

For the most part MassVentures was able to achieve its goals to strengthen and support the innovation economy. The FY14 plan included investing \$1.7 million in 4 new companies and \$.5 million in the existing portfolio. MassVentures, through its traditional and Commonwealth Fund Programs, invested \$1.8 million in seven Massachusetts companies, including 1 new investment, leveraged by over \$67 million of private capital. Investments in two new companies were also approved in the fiscal year to be done once the companies finalize their financings. The company was able to exit or begin to exit from 7 investments which returned \$3.7 million that can be used for future investments. The existing portfolio of investments is valued at approximately \$18.8 million, representing a \$4 million unrealized gain from the previous year.

Another FY14 goal for MassVentures was granting of \$2 million in SBIR related fund to 15 companies. In 2014 MassVentures achieved this goal through its' START program. START is a \$6 million initiative funded by the Patrick Administration to help growing companies commercialize technologies developed under Small Business Innovation Research (SBIR) contracts. The program is intended to help high-growth companies grow employment opportunities, promote manufacturing and commercialization, and stimulate innovation across the Commonwealth.

Other goals for MassVentures included mentoring of 20 companies and building relationships with new co-investors, venture capital firms and the entrepreneurial community. Mass Ventures was able to achieve these goals.

# CANDIDATE ACTIVITY REVIEW

Fiscal 2014

# FY 2014 By Sector

- The vast majority of opportunities reviewed this year have been in:
  - Internet Technology / Services
  - Software
  - Mobile

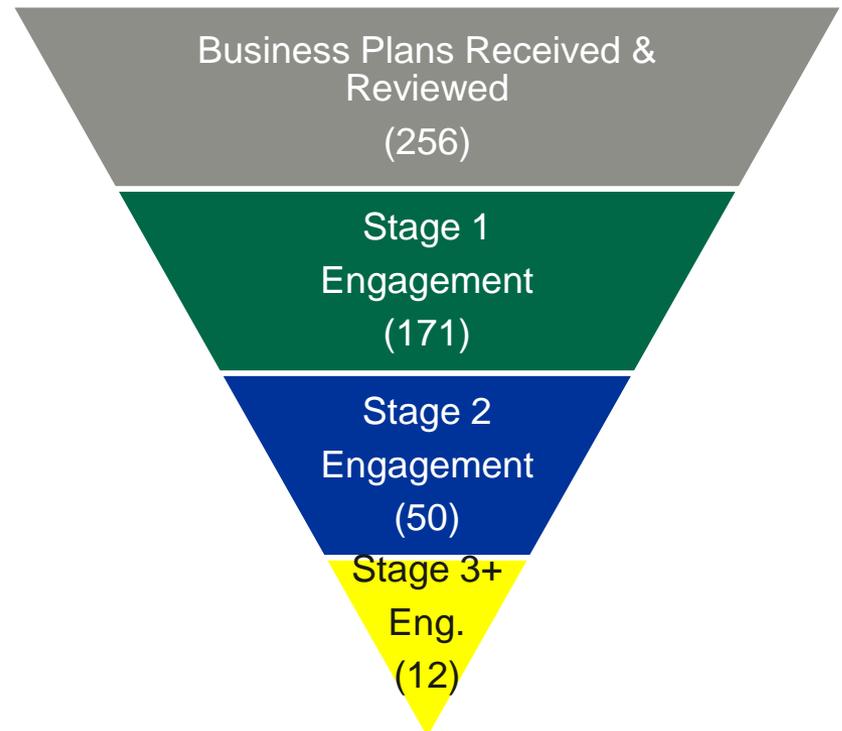
## FY 2014 Candidates By Sector

Sector	Total	Percent
INTERNET TECHNOLOGY / SERVICES	118	46%
SOFTWARE	31	12%
MOBILE	29	11%
LIFE SCIENCES	19	7%
CLEAN ENERGY / GREEN TECH	15	6%
HEALTHCARE IT	11	4%
HARDWARE	11	4%
CONSUMER	7	3%
INDUSTRIAL TECHNOLOGY / AUTOMATION	6	2%
BIOTECH	4	2%
MATERIAL SCIENCES	3	1%
TELECOMMUNICATIONS	2	1%
<b>Grand Total</b>	<b>256</b>	<b>100%</b>

# FY 2014 Activity Review

- MV Staff received and reviewed 256 business plans in fiscal year 2014
- MV met with 171 companies and devoted meaningful time and assistance to 50 companies
- Definitions:
  - Stage 1: Intro meeting / pitch
  - Stage 2: Deeper dive
  - Stage 3: Reference checks
  - Stage 4: Brought to MV Board

## FY 2014 Candidate Summary



# **INVESTMENT ACTIVITY & IMPACT**

Fiscal 2014

# Portfolio Transaction Summary

(Traditional Fund Only)	No. of Companies	\$ Amount (000s)
Portfolio Value at June 30, 2013		\$16,503
Investments	7	\$653
Exits	7	\$(3,769)
Realized and Unrealized Gain on Investments		<u>\$5,393</u>
Portfolio Value at June 30, 2014		\$18,780

# Closer Look at Investments

- Invested \$227k in 1 new companies  
(Curoverse including \$204k from Commonwealth Fund III)
- Invested \$1,596k in 6 existing companies  
(Content Raven, Owner IQ, Utest:74%; \$989 from Commonwealth Fund III)
- Total \$1.8 million of investment leveraged  
with \$67 million of outside capital

# Employment Data

## Jobs

- 19 Portfolio companies have 595 employees in MA.
- Est. jobs created in MA since 1978: >7,000;  
average tenure: 8 yr

## Taxes and Wages

- Total est. 2013 Gross MA Payroll from current and former portfolio companies: \$228 million
- Total est. 2013 MA Payroll Tax from current and former companies: \$14 million

## Efficiency

- Avg. current (since 2004) investment cost per job year created: \$10,572

# Proud Supporters of:

Mass Challenge

Mass Technology Leadership Council

The Venture Forum

NEVCA

Associated Industries of MA

SBANE

Angel Capital Association

# START Program Recipients

Company Name	Business Description	Location	Award Phase	Award Amount
Artaic, LLC	Custom artistic tile mosaics, using proprietary CAD software and advanced robotic manufacturing systems	Boston	Phase I	\$100,000
Cambridge Electronics, Inc.	Power electronics in 100V – 1200V applications	Cambridge	Phase I	\$100,000
Eos Photonics	Portable standoff eyesafe chemical detection	Cambridge	Phase I	\$100,000
FloDesign Sonics, Inc.	Separation technology based on accomplishments	Wilbraham	Phase I	\$100,000
GVD Corp.	Electronic packaging	Cambridge	Phase I	\$100,000
NetBio	Military, homeland security, and law enforcement forensic DNA identification	Waltham	Phase I	\$100,000
PersimmonTechnologies Corp.	Electric motors, generators, transformers, actuators and sensors	Wakefield	Phase I	\$100,000
Triton Systems, Inc.	Manufacturing prototype for FRATM diesel engine piston for OEM validation	Chelmsford	Phase I	\$100,000
Visible Good	Reployment shelters for military and industrial markets	Newburyport	Phase I	\$100,000
Xtalic Corp.	Nanotechnology-based lightweight structural materials	Marlborough	Phase I	\$100,000
Boston Engineering Corp.	Next Generation homeland security, military and commercial underwater AUV/HROV capability	Waltham	Phase II	\$200,000
Fluidity Software, Inc.	Big Data Analytics in Real-Time	Somerville	Phase II	\$200,000
Metamagnetics Inc.	Defense and commercial electronics (military and commercial radar, automotive radar, wireless communications systems)	Canton	Phase II	\$200,000
mZeal Communications, Inc.	Cybersecurity, Industrial Control/SCADA, Network Healthcare, Infrastructure, Energy Industries	Littleton	Phase II	\$200,000
Artaic, LLC	Custom artistic tile mosaics, using proprietary CAD software and advanced robotic manufacturing systems	Boston	Phase III	\$400,000
Energid Technologies Corp.	Robotic systems comprising hardware and software	Cambridge	Phase III	\$400,000
Ginkgo BioWorks, Inc.	Biotechnological production of natural products including flavors, fragrances & nutritional ingredients	Boston	Phase III	\$400,000

# Traditional Investment Program

## Investments

Company Name	Location	Investment Purpose	Investment
Applause, Inc*	Framingham	Equity Investment to Fund Operations	\$ 499,982
Content Raven, Inc*	Marlborough	Debt Investment to Fund Operations	\$ 173,671
Curoverse, Inc*	Boston	Equity Investment to Fund Operations	\$ 226,667
Forerun, Inc	Waltham	Equity Investment to Fund Operations	\$ 146,142
Harvest Automation Inc	Billerica	Equity Investment to Fund Operations	\$ 176,000
Liboo, Inc	Boston	Debt Investment to Fund Operations	\$ 100,000
OwnerIQ, Inc*	Boston	Equity Investment to Fund Operations	\$ 500,542
			\$ 1,823,004

\*Includes \$investment from Commonwealth Fund III

# Portfolio Patent and Product List

<b>Company Name</b>	<b>Product and Patent Technology</b>
Cambridge Viscosity -	Developed fluid sensing and analysis tools for high value capital equipment using patented technology.
Clarity Imaging Systems, Inc -	Manufactures high efficiency laser toner cartridges using patented technology.
Content Raven -	Using patent pending technology
Courion -	Developed password and directory management software to increase security and decrease costs.
Forerun -	Developed software support systems for hospital emergency departments enabling clinical team to deliver high quality outcomes, high patient satisfaction at efficient costs.
Harvest Automation, Inc. -	Developed team of agile mobile robots used in large commercial nurseries using patented technology.
Illume Software, Inc. -	Developed mobile application to address distracted driving due to phone email and text using patent pending technology.
Impress Systems, Inc -	Designed specialty, digital printing equipment and consumables.
Libboo, Inc -	Using patent pending technology
LifImage, Inc -	Invented a secure medical imaging inbox for use by patients and referring physicians using patented technology.
MedAptus, Inc -	Developed an array of hand-held solutions for physicians to reduce administrative workload.
Ntirety, Inc. -	Developed remote database administration software using patented technology.
OwnerIQ, Inc. -	Provides data analysis and marketing services to internet advertisers.
Segerra, Inc. -	Developed proprietary software that provides web-based personalized nutrition and exercise plans for customers.
Terratherm, Inc. -	Provides remediation services of volatile and semi-volatile contaminated soils using In-Situ Thermal Desorption processes.
Tomophase Corp. -	Developed a minimally invasive diagnostic tissue imaging system.
Utest, Inc. -	Developed a proprietary web based global marketplace for software application testing.

# Management Assistance Recipients

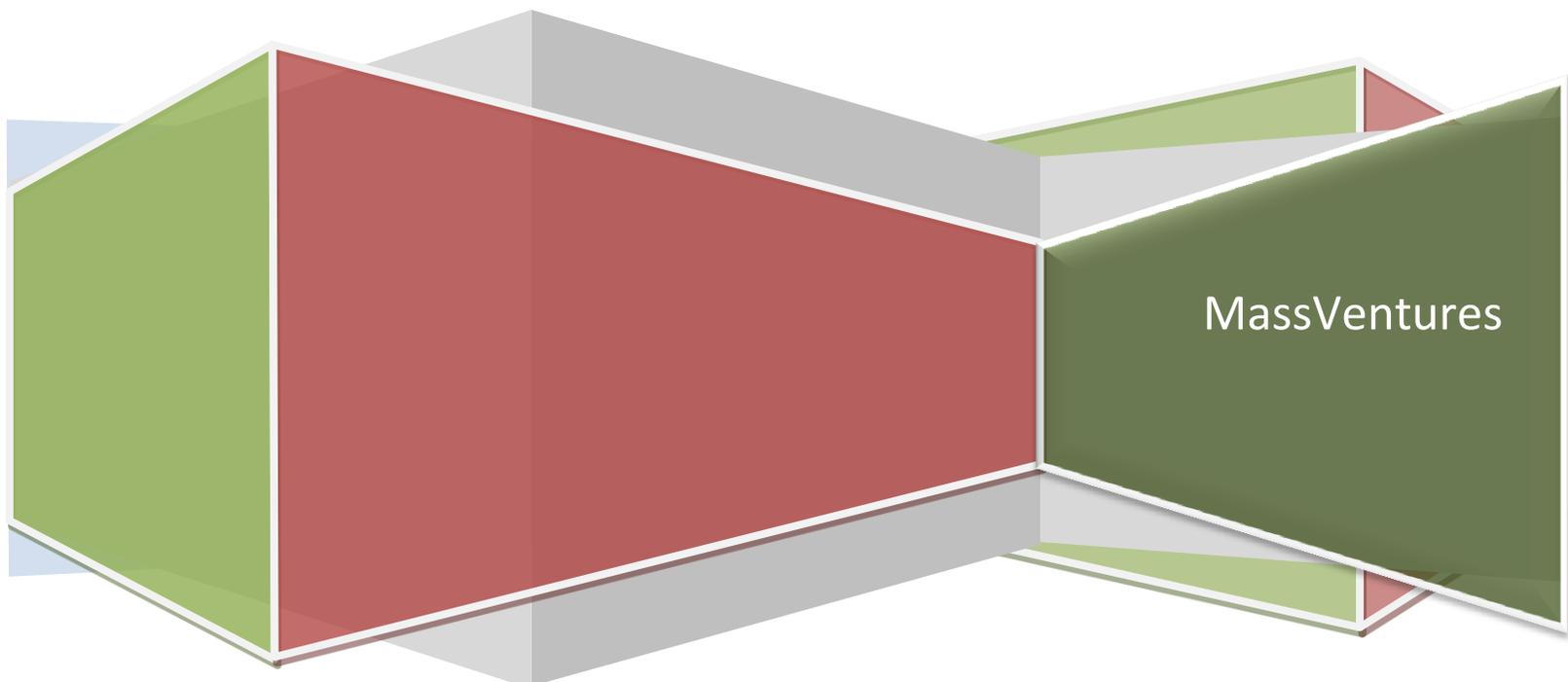
<b>Company Name</b>	<b>Location</b>	<b>Company Name</b>	<b>Location</b>
9Yahds, Inc.	South Hadley	Mayflower Communications Co	Burlington
Advans It Services, Inc.	Marlborough	Metamagnetics	Canton
Artaic	Boston	Mzeal Communications, Inc.	Littleton
Boston Engineering Corp.	Waltham	Novarials Corp.	Woburn
Busek Co, Inc.	Natick	Onion	Cambridge
Cheernetworks	Boston	Phishing Guardian	Boston
Ecovent Systems	Cambridge	Radiation Monitoring Devices, Inc.	Watertown
Energy Harvesters, Llc	Somerville	Reactive Innovations, Llc	Westford
Fittus, Inc.	Boston	Sand 9	Cambridge
Fluidity Software, Inc.	Somerville	Scankart	Boston
Giner, Inc.	Newton	Sein Analytics	Boston
Home Team Therapy	Cambridge	Sundar	Cambridge
Homeworks Energy, Inc.	Woburn	Triton Systems, Inc.	Chelmsford
Intrinsic Corp.	Marlborough	True Engineering Technology, Llc	Cambridge
Laforge	Boston	Viziapps, Inc.	Boston
Linden Photonics, Inc.	Westford		

**Office of Performance Management & Oversight**

# **MassVentures**

**Fiscal 2014**

**Economic Development Business Plan**



# MassVentures

**Mission Statement** MassVentures focused on fueling the Massachusetts innovation economy by funding early-stage, high-growth Massachusetts startups as they move from concept to commercialization.

**Business Plan Summary** – The following table summarizes objectives, programs, and initiatives planned for FY14 and performance measurements by which to evaluate progress.

Goals	Strategy	Performance Measurement
<p><b>Strengthen and support our innovation community</b></p> <p><i>Aligns with Action Item 2.1.3</i></p>	<p>2.1.3 – Invest capital in select, promising, high-growth companies.</p> <p>Administer SBIR* Supplemental funding program</p> <p>Provide counsel, direction, and mentoring to start-up entrepreneurs.</p> <p>Explore new sources of investment capital from legislative, private and inter agency sources as well as exits from previously funded companies that have reached maturity.</p> <p>Serve as a bridge for angel-backed companies to venture capital</p>	<ul style="list-style-type: none"> <li>•Invest \$1.7 million in 4 new companies.</li> <li>•Invest \$.5 million for expansion in existing companies.</li> <li>•Grant \$2.0 million in SBIR related funds to 15 companies</li> <li>•20 Companies to receive mentoring and introductions</li> <li>•Pursue funding opportunities from both state and private sources.</li> <li>•Explore programs with PRIT to enhance MA angel capital investment.</li> </ul>
<p><b>Expand our Culture of Innovation</b></p>	<p>Coordinate more closely with academic institutions.</p>	<ul style="list-style-type: none"> <li>•Participate in university sponsored business plan competitions</li> </ul>

# MassVentures

---

<b>Support growth to scale</b>	Invest in promising companies as a catalyst for growth and attracting outside capital  Active participation on portfolio company boards	<ul style="list-style-type: none"> <li>•Leverage our investment 5x with private investment capital</li> <li>•540 jobs retained and 100 jobs created</li> </ul>

***\*SBIR Targeted Technologies Program – A program initiative of MassVentures***

Massachusetts companies are awarded over 200 Phase II Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) contracts every year. **START** is a program funded by the Commonwealth of Massachusetts to assist Massachusetts-based companies, which have received SBIR/STTR Phase II funding, in turning their technologies into commercialized and promising technologies. The program helps high growth companies grow employment opportunities, promote manufacturing and commercialization, and stimulate innovation across the Commonwealth. In addition to financial commercialization assistance, **START** provides coaching, business planning and introductions to potential investors.