

BV4

Blue Ventures 4

Partners: Chenoa Farnsworth, Maya Rogers, Henk Rogers

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BLUE VENTURES 4 - THESIS

We invest in seed companies participating in the **Blue Startups accelerator programs.**

And follow-on investments in **high growth portfolio companies in which **Blue Startups** has **exclusive investment rights**.**

BLUE STARTUPS - MISSION

Blue Startups was founded with the goal of **diversifying Hawaii's economy** by leveraging its unique strengths. Historically dependent on the tourism industry, we envision a Hawaii with a thriving technology sector, creating high paying and interesting jobs for our “keiki” (children).

As a women-led organization, we have a deep and personal connection to leveling the playing field in technology for women. We strive for 50% of our companies to be **female founded and led**.

Chenoa Farnsworth



- Manager of Blue Startups
- 20 years experience
- Expertise in early stage tech

After 20 years in the technology industry and 10 years as a fund manager, Chenoa Farnsworth co-founded Blue Startups, one of the most successful tech accelerators in the Pac-rim. Since inception in 2013, she has invested in 110 startups over 14 cohorts.

With her unique skill set, knowledge, and network, she has gained access to the most promising emerging Pacific Rim technology companies, and developed a top-ranked accelerator to help these ventures scale globally.

Partners

Blue Startups was founded with the vision and backing of Henk and Maya Rogers, the family behind the global Tetris brand.



Maya Rogers

Founder / GP

Maya is the President & CEO of Blue Planet Software, the sole agent for the Tetris brand. Maya brings with her over a decade of project management and brand licensing experience from working at Tetris Online China, Sony Computer Entertainment, and American Honda. Maya grew up in Japan and the U.S., holds a B.S. in Business Administration and MBA from Pepperdine University.



Henk Rogers

Founder / GP

Henk is a video game designer and entrepreneur. He is known for producing Japan's first major multiplayer role-playing video game The Black Onyx, securing the rights to distribute Tetris on video game consoles where the game found popularity, and as the founder of Blue Planet Software which licenses the Tetris trademark. He is also the founder of Blue Planet Foundation, a nonprofit related to renewable energy.

BLUE STARTUPS

- ▶ **13-Week** hands-on mentor-driven global accelerator program
- ▶ **14 Cohorts** completed - **110 companies** in portfolio
- ▶ **1st IPO** - Volta Inc. now listed on NYSE (Market Cap \$1.4B)
- ▶ Ranked **Top 20** Accelerator in the U.S. (TechCrunch)
- ▶ **500+ applications** per cohort - **8-10 accepted** (2% acceptance rate)
- ▶ **\$400 million** in total follow on funding attracted.
- ▶ **400+ investor** network, **300+ alumni** network, **200+ mentor** network
- ▶ Host of annual international **East Meets West (EMW)** - 500+ attendees
- ▶ Member of the **Global Accelerator Network (GAN)** - 100 best global accelerators.



BLUE VENTURES III TRACK RECORD

\$2.2M

deployed

41

investments

\$1.8M

Returned

68%

GROSS IRR

4.1

TVPI

.8

DPI

PORTFOLIO EXAMPLES



Helps vacation rental hosts find local cleaners and provides free automated scheduling software for their turnovers.

Invested at \$100k at pre-seed, seed and series A

Series A valued at \$25 million.

20x valuation increase.

Fund III, Cohort #10

A digital Little League of esports.

Invested \$100k at the pre-seed and seed

Series Seed valued at \$12 million

3x valuation increase in 3 months

Fund III, Cohort #13

Remote work hires with unique backgrounds, focus on military spouses

Invested \$100k in the seed

Founded by two female military spouses

Series A led by Tiger Global valued at \$55 million

20x valuation increase

Fund III, Cohort #11

SMS marketing platform for e-commerce

Invested \$50k in the pre-seed

Revenue growth has doubled month over month in 2020-2021

Series B lead by Tiger Global valued at \$350 million

Secondary sale at 250x multiple in 2021

Fund III, Cohort #11

BLUE VENTURES EXITS



IPO



FLOWATER

Acquired



Secondary



Acquired



Acquired



Acquired

Leveraging the global reputation of **Blue Startups** to attract quality deal flow and maximize outcomes through our top-ranked accelerator program resulting in exclusive follow-on funding opportunities above market returns.

We believe the Blue Startups **brand and reputation** have reached a stage of global recognition and high value. Building on the strength of this reputation, we can continue to **recruit and attract** competitive startup teams from around the world.

Our world-class **accelerator program** has been perfected over the past 9 years to **maximize value to founders** and shareholders alike. We focus on making the right connections to the right people in our global network at the right time.

Combining our **superior deal flow** and accelerator outcomes, we believe our existing and future portfolio companies will continue to thrive providing ample opportunity for **follow on funding** (to which Blue Startups has contractual rights) and **above market returns**.

GLOBAL POSITIONING

We leverage Hawaii's unique position in the global market as the **gateway to Asia**. With an **international tourism hub** and cultural and historical connections to Asian markets we provide a great market test site for many East-West businesses. As the founder and producer of international conference East Meets West, we have developed business ties and **networks throughout the region** that can be accessed by our portfolio companies.

DOMAIN EXPERTISE

We have narrowed our focus to specific industries where we have deep domain expertise and broad network access. With the support of the **tourism industry in Hawaii**, we have a travel advisory made up of industry executives that can advise our companies. In addition, our founders have deep domain expertise in **software, gaming and sustainability**.

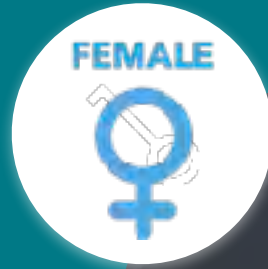
NETWORK & BRAND

We have spent the last decade building the Blue Startups **brand, reputation and network**. Recognized as one of the top 20 accelerators in the US, and known internationally as the accelerator where East Meets West, we leverage this into outsized **deal flow access** - averaging 500 applications for 8 spots in our program annually. Our mentor network is over 170 industry **experts from Asia, Hawaii and North America**.

Investment criteria

FEMALE FOUNDED

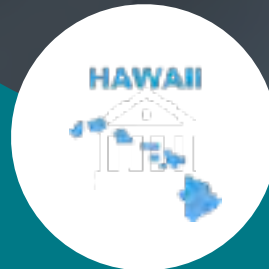
As a women-led organization, we have a deep and personal connection to leveling the playing field in technology for women. In addition, we believe that backing female founded and led companies is a competitive advantage as these companies typically outperform their peers.



EAST-WEST FOCUS

We have unique geographic positioning in the global market, with access to both Asian and North American markets. In addition, we have spent years building our network in Asia and can use this network to provide unfair access to deals and competitive advantages for our portfolio companies.

Founder Focus



HAWAII CONNECTED

We founded Blue Startups with the vision of diversifying our island home, and we believe investing in technology startups born and bred here is the best way to make this dream a reality. We want to be a part of every successful startup to come out of Hawaii (and so far we have).

Investment criteria

TRAVEL & TOURISM

Our location in Hawaii gives us unprecedented access to one of the largest global tourism markets in the world. Additionally, we have gathered far reaching support from the industry in the way of industry experts, mentors and decision makers.



CLIMATE TECH

Climate change and the requisite solutions are of utmost importance to our founders and we are committed to investing in this sector both for profit and planet. To date, our investments in this sector have outperformed our other sectors. And founder, Henk Rogers has dedicated his efforts to this cause through the Blue Planet Foundation.

Sector Focus



SCALABLE SOFTWARE

As the most scalable and fundable sector in the realm of ventures, software companies are our biggest source of investment. We believe that the future of software development will take place wherever and whenever the tech talent decides - including Hawaii.

Portfolio Construction

Accelerator

- **\$25k-\$50k** invested into early stage companies selected for Blue Startups accelerator
- Valuations between **\$500k-\$1.5m**

Follow-On

- **\$25k-\$100k** invested into accelerated companies that meet established milestones
- Valuations between **\$1.5m-\$10m**

Opportunistic

- **\$50k-\$250k** invested into existing portfolio companies or high growth companies that meet founder/sector criteria.
- Valuations between **\$1m-\$30m**

Partners

PROGRAM PARTNERS

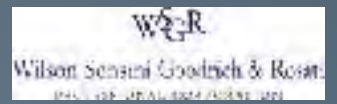


NOTABLE INVESTORS

INDUSTRY



EXPERTS



Blue Startups is an economic development engine critical to the future diversification of our State's economy.

Our Impact



- 110 Companies Invested
 - 65% Survival Rate
 - 61 Hawaii-based companies
- 1055 Jobs created
 - 168 Hawaii-based jobs
- \$400M follow-on funding
 - \$300M to Hawaii companies
 - \$500k average raise
- 40% Female Founders
 - Cohort 14 was 70%
- 200+ Mentors
 - 50% are Hawaii based

East Meets West (Summer 2023)

- **International event** - highlights Hawaii as place where East Meets West for business
- **Hawaii Co. showcase** - exhibit space for Hawaii cos
- **VC one-on-ones** - open meeting times for entrepreneurs
- **Pitch Competition:** 10 cos - 3 spots for Hawaii cos

Cohort 15 (Fall 2023)

- **Travel & Tourism Track** - focus on regenerative tourism
- **Female Founders** - goal of majority female led
- **13 weeks:** 8 weeks in person, 4 weeks online, 1 week SF
- **Demo Days:** Product Demo Day (HNL), Investor Day (SF)
- **Observation Track:** Early Hawaii cos to participate in program as observers
- **Sandbox:** In-person portion of program at Sandbox

2023 Plans

\$5M

Fund size

30-40

Portfolio companies

\$25k-

\$250k

Invested per company

2-6%

Deal ownership

50-50 split

Hawaii/US

All Companies incorporated in US

10x+

Target deal return

\$5M
TARGET RAISE

MANAGEMENT FEE

2.0%

CARRIED INTEREST

20% on profits

MINIMUM COMMITMENT

\$100,000

Accredited or qualified limited partners only
Assumes a fund term of 10 years



To: Hawai'i Technology Development Corporation Board of Directors
From: Len Higashi, HTDC Executive Director
Date: April 11, 2023
Subject: Hawai'i Small Business Innovation Research (HSBIR) Award Allocations

SPECIFIC ACTION REQUESTED:

Request Motion to Approve Hawai'i Small Business Innovation Research (HSBIR) Awards as recommended by the review committee

RECOMMENDED EFFECTIVE DATE:

Upon Approval

BACKGROUND:

Description

The Small Business Administration (SBA) Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs provide over \$4 billion in funding to small businesses each year in a wide variety of technology areas.

Since 1988, HTDC has been providing matching grant funds and wrap around technical assistance services to Hawaii companies who received SBIR Grants. Initially the grant program only funded companies that received Phase I awards. In 2016, the program was expanded to match SBIR Phase II and Phase III awards.

The purpose of the matching grant program is to increase the competitiveness of small businesses in Hawaii and to enhance their prospects for bringing subsequent SBIR and STTR awards of federal funds into the State, including awards that assist the businesses in surpassing the research and development level and transforming their research into innovative and commercial products and services. The goal of the program is to help companies grow and create sustained engineering and research jobs in the state of Hawai'i.

Award Process Review

HTDC makes grant awards through a competitive application process. This year, the HSBIR Review Committee met over several days for over 14 hours to evaluate the SBIR company applications and presentations. Per the Board approved policy, the committee scored each company. Not all committee members could attend each meeting, and if they missed the in-person presentations, they scored the company on their application and slide deck.

The companies were ranked and the committee made recommendations on the award distribution to the companies. The award distribution takes into account the number of companies, the budget, the scores, and the requested amounts. As per the policy, companies with an average score of below 75 are deemed ineligible for the matching grant.



Summary of Recommendations

The Hawaii SBIR/STTR Review Committee offers the following award recommendations for the FY23 HSBIR Phase 0, I, and II matching grant program. There was one (1) qualified application for Phase 0, nine (9) Phase I applications, and sixteen (16) Phase II applications for the matching grant.

FY23 Phase 0 HSBIR Award

Pear Suite, NIH Phase I application, \$3,000.

FY23 Phase 1 HSBIR Award Recommendations

Available Budget (Year ending June 30, 2023) \$ 516,931.00

Company	Agency	Federal Award	State Match Requested	Committee Recommendation
Makai Ocean Eng	NAVY	\$139,951.00	\$69,931.00	\$69,931.00
Nalu Scientific	NASA	\$150,000.00	\$75,000.00	\$75,000.00
PacMar Technologies	NAVY-ONR	\$137,098.00	\$68,000.00	\$63,000.00
Hawaii Fish Co.	USDA	\$106,444.00	\$50,000.00	\$45,000.00
Ai.Fish*	NOAA	\$150,000.00	\$75,000.00	\$68,000.00
Oceanit	DARPA	\$225,000.00	\$75,000.00	\$68,000.00
Hawaii Innovation Lab*	USDA	\$175,000.00	\$75,000.00	\$64,000.00
VisSidus	DAF	\$249,900.00	\$75,000.00	\$64,000.00
Simonpietri	DO Energy	\$206,500.00	\$75,000.00	Did not meet minimum score

*First time SBIR companies



FY23 Phase 2 HSBIR Award Recommendations

Available Budget (Year ending June 30, 2023)

\$1,500,000.00

Company	Agency	Federal Award	State Match Requested	Committee Recommendation
Hawaii Biotech	NIH/NIAID	\$2,997,218.00	\$200,000.00	\$150,000.00
Ocean Era	USDA	\$600,000.00	\$300,000.00	\$225,000.00
Nalu Scientific	DOEnergy	\$1,150,000.00	\$500,000.00	\$140,000.00
PacMar Technologies	NAVY-ONR	\$1,596,637.00	\$500,000.00	\$140,000.00
Minnowtech	NSF	\$999,780.00	\$498,760.00	\$140,000.00
HNu Photonics	DARPA	\$999,034.00	\$495,000.00	\$140,000.00
Makai Ocean Eng	DARPA	\$999,923.00	\$499,564.00	\$140,000.00
Experiad	NIH/NIMH	\$2,508,296.00	\$480,000.00	\$140,000.00
Hawaii Fish Co.	DOEnergy	\$1,330,820.00	\$500,000.00	\$140,000.00
Oceanit	DHA	\$1,100,000.00	\$300,000.00	\$100,000.00
Oceanic Imaging	NAVY	\$1,699,528.00	\$500,000.00	\$45,000.00
Simonpietri	USDA-NIFA	\$650,000.00	\$325,000.00	Did not meet minimum score
Adnoviv	NSF	\$1,373,868.00	\$143,941.00	Did not meet minimum score
Interstel*	NASA	\$759,834.00	\$375,000.00	Did not meet minimum score
VisSidus	NASA	\$744,000.00	\$372,000.00	Did not meet minimum score
Guide Star	NAVY	\$1,100,064.00	\$500,000.00	Did not meet minimum score

*First time SBIR companies



ACTION RECOMMENDED:
Approve

ADDITIONAL BACKGROUND INFORMATION

Program Performance

The HSBIR matching grant program is HTDC's most successful program. Over the life of the program over 20 federal dollars have come into the state per each state dollar. Since implementing the Phase II matching grants, the number of awards and dollars awarded have increased significantly.

A summary of the Phase II/III awards made by the matching grant program is listed below:

	FY17	FY18	FY19	FY20	FY21	FY22
Appropriation	\$2 MM	\$1 MM	\$1.5 MM	\$1MM	-	\$1.5MM
# of Applications	9	9	12	16	-	16
# of Awards	8	5	6	14	-	11
\$\$ Awarded	\$1.9 MM	\$900 K	\$1.4 MM	\$900K	-	\$1.5MM
Federal SBIR \$\$ (match)	\$10.9 MM	\$8.0 MM	\$11.0 MM	\$53.0 MM	-	\$20.6MM
Estimated New Jobs	70	15	135	509	-	289

The federal SBIR funds are highly competitive with a fixed budget each year. Therefore, the industry is securing for Hawai'i federal funds that would otherwise be awarded to companies in other states. Every year, there have been more qualified applicants for HTDC matching grants than available funds. Since the Phase II/III program started in FY16, none of the applicants have received the full eligible amount.



To: Hawai'i Technology Development Corporation Board of Directors
From: Len Higashi, HTDC Executive Director
Date: April 11, 2023
Subject: Strategic Plan Timeline

SPECIFIC ACTION REQUESTED:

Request Motion to Accept the Timeline for developing the HTDC Strategic Plan

EFFECTIVE DATE:

Upon Approval

BACKGROUND:

HTDC is preparing a new 5-year strategic plan with target for completion by December 2023. The start of the strategic planning process was initiated during the March board meeting. The following sets the schedule for the development. The 4 month planning and development process will include research, and data gathering, coordination with stakeholders and a series of open to the public discussions with the community. The discussions will include participation in all counties and will be facilitated using HTDC's partners.

	May	June	July	August	Sept 1, 2023	Oct	Nov 1, 2023	Dec 14, 2023
Planning and development	x	x	x	x				
Draft #1					x			
Draft #2							x	
Final Draft								x

ACTION RECOMMENDED:

Approve



To: Hawai'i Technology Development Corporation Board of Directors
From: Len Higashi, HTDC Executive Director
Date: April 11, 2023
Subject: Executive Director's Report

SPECIFIC ACTION REQUESTED:

Information only. No action requested.

EXECUTIVE DIRECTOR UPDATE

PROGRAM UPDATES

A. Legislative Updates

The following bills have significant impact on HTDC:

1. HTDC Omnibus Bill (HB999, HD1, SD1) - Includes appropriation
2. Small Business Innovation Research and Manufacturing Assistance Program Bill (HB991, HD1) Administrative only
3. Digital Currency Bill (SB945 SD2, HD1) Administrative only for HTDC
4. State Budget (HB300, HD1) - Includes operating budget and increase of 1 staff position

B. First Responders Tech Campus (FRTC)

1. Len Higashi and Craig Nakamoto of Hawaii Community Development Authority (HCDA) led 14 agency Directors and Department Chiefs representing various city, county and federal first responder departments in a briefing for the Governor on the FRTC project. The briefing provided an overview of the FRTC project for the Governor and allowed an opportunity to ask questions of the stakeholders. As a result we received positive feedback and are anticipating a Governor's message endorsing support for additional funding this legislative session.

C. Entrepreneurs Sandbox

1. The current contract with the Box Jelly is ending on April 30th. HTDC is in the RFP process for the Sandbox Partner. An award is scheduled to be made at the beginning of April.

D. Sponsorships:

No update



E. Hawai'i Small Business Capital Program (HI-CAP)

1. HI-CAP Invest is in the documentation stage of extending an existing \$350,000 loan with warrants (2-year extension of maturing to October 2025) to Ozolio Inc., a Maui-based provider of live streaming and webcam hosting services for resorts, state parks, zoos and other attractions (clients include Marriott, Starwood Hotels, and Squaw Valley Resorts)
2. Ozolio was a portfolio holding of Reef Capital Ventures, and the investment was transferred to HTDC. Ozolio had \$740K of revenue in 2022 and generates positive net income from its 98% recurring revenue base.

F. INNOVATE Hawai'i (IH) Program

1. Trip to Phoenix, Arizona between April 16-20 to discuss performances, updates, funding opportunities and to negotiate annual budget and to increase it by \$400,000.00

G. Hawaii Center for Advanced Transportation Technology (HCATT) Program

1. Completed input to the Hawaii Pacific Hydrogen Hub Dept of Energy funding opportunity announcement proposal. Primary line of focus pertained to Department of Defense initiatives to support Indo-Pacific Command.
2. Program review with the Air Force Research Lab was recently completed. Areas covered were budget status and next project/program objective for the PEARL microgrid and H2 station & FCEVs.
3. Navy Expeditionary Warfare Center has expressed an interest in collaborating on further development of PEARL in relation to broader application of a microgrid at Pearl Harbor.

H. Budget

1. See Finance Committee Memo



To: Hawai'i Technology Development Corporation Board of Directors
From: Len Higashi, HTDC Executive Director
Date: April 11, 2023
Subject: Finance Committee

SPECIFIC ACTION REQUESTED: Formation of finance committee consisting of two (2) board members

EFFECTIVE DATE: Beginning 4/11/23. One meeting to be scheduled in May.

BACKGROUND: Every biennium, the Legislature sets the budget for the State for the following two years. The budget is further amended in year two of the biennium. HB300 HD1 is currently working its way through the Legislature for effect for FY24 and FY25. Currently there are new funds under consideration to be appropriated to HTDC which include:

- HSBIR Phase II matching grant program - \$2,000,000
- MAP grant program - \$2,000,000
- Accelerator program - \$2,000,000
- Renewable Energy Technology, Microgrid, other related programs - \$4,000,000
- Strategic Development Programs - \$5,000,000

Also included are three new positions for economic development.

While it is too early in the Legislative process to determine the outcome, so far there has been tremendous support at the legislature for funding HTDC programs.

Once the budget bill is finalized and signed into law, the committee will meet with the HTDC Controller to come up with a spending plan for FY24. This spending plan will assist HTDC in allocating financial resources to the long-term goals in which the Board deems important.

This request is for the board to select two (2) members to serve on the HTDC Finance Committee.

ACTION RECOMMENDED: Select two (2) board members to serve on the HTDC Finance Committee.