



Q2 2017

Angel To Exit

Helping Startups and SMBs Succeed

Welcome to our quarterly update!

This version of our quarterly update is the next of an ongoing series of reports on progress of A2E and our portfolio companies.

In this edition we will tell you about new articles, events, partners, and supporting operations that have recently entered our portfolio, and look forward to upcoming events and opportunities for investors and startups.

New channel partner - Diliver

We are happy to welcome and introduce our newest channel partner: Diliver M&A Due Diligence integrated with our A2E internal diligence process and technology for valuation and exit support. FinTech to support exits and metrics on company performance and valuation.

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Our Sponsors

Angel to Exit and this update are sponsored by Management Analytics: Trusted Advisors Since 1977.



New online in Q2 of 2017

New free online content in 2017 Q2 include:

Videos

Out online videos are intended to deliver rapid fire content detailing what you have to know to succeed in starting and running a business. Our key focus is on what angel invested businesses do to succeed.

- “Accepting SSL browser exceptions” - a video to help out advisory clients properly access our online support systems.

Articles

Every month Fred tries to write an article on how he screwed something up. We have a pipeline of about 100 years of future articles. The idea is not to prevent others from making the same mistakes – stuff happens – and people make mistakes. The idea is that as you are making one of these mistakes, you might recall what bad things happened to Fred and find a way to stop yourself before it’s too late.

- 2017-05: Paperwork – How do you deal with paperwork? Fred has filled out a whole lot of paperwork in his day. This article describes approaches to filling out paperwork and some of the big mistakes and easy paths forward for getting the paperwork done – right and wrong!
- 2017-06: Advisory Boards - Fair Compensation? - How much should an advisory board and its members get for their advice? This article reviews fair compensation for advisors including calculations, assumptions, and rationale. Use it to guide your own fair advisory board compensation.

- 2017-07: Equitable distribution – How should equity in a startup be allocated? This articles reviews the reasons for equity to be granted, who should get how much and why, and different ways to handle equity for different startup situations.

New online support capabilities

We have been busy in the last few months augmenting our online presence with support services to help portfolio advisory service clients succeed. These capabilities include:

- Online support for internal diligence – both initial versions and ongoing updates as companies progress.
- Online support for advisory board meetings, note taking, and historical tracking of progress.
- These operate via an SSL connection to private servers provided through our supporting sponsor, Management Analytics.

NEW SERVICES: We now support small and medium businesses as well as startups. Advice and access are not just for early stage companies anymore. These services are focused on long-operating successful companies wishing to grow, adapt to changing times, reduce costs, move toward private sale, and gain access to the same sorts of resources as startups get. Many of these clients are also looking at transitions of top management, ownership, and operational modalities.

Guest articles and videos

We invite all of you to write up your worst business failure, your most insightful advice, or anything else you think our readers might like, and send it in for us to consider providing to startups to help them succeed. Just remember:

- Keep it personal,
- Keep it honest
- Pay it back! Forward?
- Oh – and keep it light.

Upcoming events

Goto Angel online

Our online sessions introduce startups to angel investors / advisors run on a monthly basis. Dates are selected 3-4 weeks in advance of presentations and announced via email to angel/advisors and attending startups. To:

- Become one of our angel/advisor team members, send us an **email**.
- Present your startup, apply through our **Gust application form**.

Angel advisors agree that, if there is mutual interest, they will act as advisory board members for startups in exchange for equity and/or deferred compensation rather than cash, risking their time, applying their expertise, and providing access to their networks to help startups succeed.

Monterey Bay Startup Investment Expo Progress

A2E is participating and hosting part of the Monterey Bay Startup Investment Expo. Scheduled for Thursday, October 26, this will bring together local startups, incubators, accelerators, educational programs, financial institutions, government representatives, and angel and venture funding sources to help build and accelerate the startup ecosystem of the region, improve economic vitality, and support existing economic drivers by infusing new approaches, technologies, and vigor. **Email** for more details.

Advisory Boards

Our advisory board service is designed to help startups and SMBs succeed.

- We defer compensation to get paid as and if you succeed.
- We have well-defined processes for helping clients succeed
 - We start with an internal version of due diligence.
 - We introduce you to suitable partners over time.
 - We help plan and control growth and build reputation
 - We bring you to sources of funding and prepare you to succeed

As angel investors ourselves, we know lots of other angels and angel groups. And we know what works and doesn't. They know we won't bring you if you aren't ready, and we won't. We currently provide advisory board services and have equity in these companies:

Name	Description
Culinary Culmination	Super-elite private dining experiences. World class executive chefs personally prepare and present fabulous meals with sommelier-selected wine pairings, provided in the most beautiful venues in the world... or in the privacy of your own home.
Intelligent Wireless Networks	IWN's rural internetification provides the critical infrastructure to make AgTech viable and supports on-the-road and in-home Internet for rural living and small and medium-sized municipalities.
Linqto	Automatic rebranding / relabeling of mobile device applications to support order-of-magnitude less expensive customer acquisition and retention for financial institutions.
Power Grow	Building and operating industrial scale greenhouses that are largely self-sustaining, increase yield, and reduce cost and waste.
Surveillance Grid	We create information technology force multipliers for public safety by systems integration of best of breed collection, empowerment, and reporting solutions.
Trovev	We help people get and stay healthy. An application that combines nutrition, fitness, medical, and other info to help make and track wellness choices.
UWoundCare	Reducing the cost and time wasted in wound care while increasing the rate of recovery and decreasing negative outcomes.

For more information on our advisory board services, **sign up** to Go To Angel, or visit **A2E.co**

Quarterly Case Study - IWN

This quarterly case study is about one of our clients (Intelligent Wireless Networks) that just reached cash flow break even. For any startup, this is a fabulous accomplishment, and it crosses the boundary from companies that likely never make it to those that are likely to accelerate and succeed.

This startup has a combination of revenue streams from initial installs, design work, and recurring revenue. They have more or less fixed overhead, but their runway was getting short. Their last cash infusion brought only 1 month of added runway, but they kept at it. And it paid off.

Their tactics had several key components:

- **Expand from test market to the larger market:** The initial tests proved to hit the original estimated numbers, so rather than seeking to improve with more test marketing, they went to larger scale to bolster sales volume. It worked and they are generating more sales.
- **Add a new product to accelerate sales:** The new product is a retail version of their previous installed product, packaged differently and aimed toward a different sales placement. It worked and a new show strategy is emerging to build sales.
- **Negotiating better pricing for key providers:** A key to increasing net revenue is reaching volumes that reduce supply pricing. They hit the first inflection point in the last month of Q2 and thus recurring revenues as well as initial installation costs are down, producing higher net revenue for each new install and for each customer for each month of recurring revenue.

The net effect is now recurring revenue exceeding 10% of net and growing monthly (soon to reach 20% of burn rate), new sales increasing every month and generating cash flow positive the month after cash flow break even, and increased runway and space for further expansion.

The next step, which will take a few months of positive cash flow to reach, will be to hire employees to replace the founders in all day-to-day operations, and use the founders to expand into new market segments already awaiting their services. Of course investors love cash flow break even, and they are in intensified discussions for more funding which will accelerate the process still further. Great Job Gina and Steve!!!

Recent Go To Angel Companies

Most of our advisory clients came to us through the Go To Angel process. As they present, we selectively engage with those who have mutual interest in going forward together. But we like to keep track of and help out the other companies that present.

These are companies who presented to Go To Angel recently but in which there is no other existing legal or financial relationship. As context, about one presenting company per month became a portfolio or advisory services company in 2017 Q2.

Name	Description
Food Origins	Farm to fork tracking of specialty foods to optimize labor usage.
e-mune	Cloud-based medical intelligence providing medical expertise to and from remote locations
Medical Theranostics	Doubling the life expectancy of liver cancer patients at the same cost and with fewer side effects.
White Hat	Eliminating fines from employee benefit plans by automating compliance with Federal laws
IonDX	Reducing the cost and time to detect bad batches and finding more likely successful pharmaceuticals.
Instalink	Connecting consumers, e-marketers, and e-businesses around search-relevant content
Deuwave	New medical device offering triage for chest pain to more rapidly and less expensively diagnose heart conditions

Other Go To Angel presenters are included under other portfolio and advisee companies.

For more information, **sign up** to Go To Angel or visit **A2E.co**

Portfolio Companies

These are companies in which we have current angel investments, either directly, through equity in exchange for services, or through diversified angel investment funds.

<i>Name</i>	<i>Description</i>
20/20 GeneSystems	GeneSystems in collaboration with the National Cancer Institute's Laboratory of Pathology is a quick and straightforward technique for the analysis of proteins in tissue samples. While it has been especially useful for cancer tissue, it is useful for any application where proteins are analyzed in tissue where the histologic correlation is needed.
Abom, Inc.	Abom's first line of products is anti-fog active technology that will NOT ALLOW fog to survive in snow goggles and other types of protective eyewear.
Acceleration Systems	Acceleration Systems provides a cloud-based bandwidth optimization and encryption solution that increases efficiency and security.
Alternacard	Alternacard provides debit cards for the underbanked and unbanked Hispanic populations of the Americas. They replace payday lending and check cashing services with direct deposit and support direct transfer of funds to family member cards overseas.
Analyze Corp.	Analyze is a big data analytics company which has developed a cloud based, software-as-service platform for leveraging big consumer data in real time.
Aqueduct Critical Care	Our technology innovation will increase the ease of use and safety when managing patients with external cerebral-spinal fluid drains.

<i>Name</i>	<i>Description</i>
Blaze Bioscience	Blaze Bioscience, the Tumor Paint Company®, is developing Tumor Paint technology, a revolutionary advancement in cancer surgery which lights up cancer cells so that surgeons can see them in real time throughout the cancer surgery.
Bouxtie	With the Bouxtie app, select from hundreds of top retail brands and instantly send a digital gift card right from your phone. Personalize your gift card with a thoughtful video, image or message. Redeem instantly, in-store or online.
Building Energy	Interactive, visual benchmarking reveals the energy and water savings opportunities for your buildings. With all of your building data in one place, high and low-performers immediately stand out. Juggling spreadsheets becomes a thing of the past.
CrossTX	At CrossTx our priority is people and creating an exemplary patient experience, which is why our platform focuses on streamlining healthcare communication. By giving care teams the tools to simplify their workflow in an affordable and easily integrated environment we are creating happy patients and a happy care team.
Crowd Mics	Crowd Mics powers audience engagement by turning the audience's phones into wireless microphones. They can also participate with text commenting and live polling. Presenters and moderator can enjoy a boost in audience interaction, but in a simple and controlled way.
CURB, Inc.	Curb designs and sells the most powerful and intelligent integrated hardware/software system for visualizing and managing energy in residential and commercial settings. Customers can easily identify energy usage patterns, control appliances and optimize behavior for cost-savings.
DecisionNext	DecisionNext delivers big-data analytical software in the cloud. Large companies use DecisionNext software to support high-value decisions ranging all the way from purchasing to sales.

<i>Name</i>	<i>Description</i>
Embera Neuro Therapeutics, Inc.	Embera NeuroTherapeutics, Inc. is a specialty pharmaceutical company focused on developing treatments for smoking cessation, cocaine dependence and other addictions, for which there are a limited range of effective drug therapies or no approved treatments.
First light Biosciences	First Light Biosciences is developing breakthrough automated medical diagnostic products for rapid, sensitive, and cost-effective detection of Healthcare Associated Infections (HAI). The products address the need for cost-effective and accurate diagnostics to meet the explosive growth in testing.
Hotel Communication Network	HCN is a digital platform for the travel industry established by the installation of tablet computers into hotel rooms for use by the guests, hotels, and groups. Monetization comes from a variety of SaaS and S&S buildouts on the platform, including hotel services and communication to guest, Big Data, sales to guests, ads & more.
Ibis Networks	Ibis Networks is an Enterprise-IOT company that enables large commercial organizations to manage plug-load energy use with its patented, secure, scalable Intelisocket Platform.
iHealth Home	iHealth Home is a unique care management system connecting your care team to the home.
Indow Windows	Indow was launched in November 2010, delivering ease of use and great window insulation performance in an elegant looking form. Our mission is to provide you with comfort and quiet while helping you achieve environmental and financial harmony.
KPI Therapeutics, Inc.	KPI Therapeutics is focused on advancing its lead drug, dalazatide for the treatment of myositis into a Phase 2 clinical trial. This orphan drug opportunity represents a rapid go to market opportunity for a disease with a very high unmet medical need.

<i>Name</i>	<i>Description</i>
LumiThera	LumiThera is a developmental stage medical device company applying low-level light treatment (LLLT) fields for ocular diseases and disorders. LumiThera is at the forefront in the development of LLLT treatment protocols for age-related macular degeneration.
Lungpacer	Lungpacer's Mission is to facilitate weaning critically ill patients from mechanical ventilators, in order to substantially reduce the hospital care costs of critically ill patients and help improve the lifespan and quality of life of survivors of mechanical ventilation.
Monitor Mask	Monitor Mask® was founded by a practicing anesthesiologist to reinvent standard respiratory devices for modern practice. Our initial family of products are oxygen face masks that sample the patient's exhaled CO2. They patented, FDA cleared, in production and sales have been established to multiple major hospitals.
OtoNexus Medical Technologies	OtoNexus is developing a ground-breaking, patented, Doppler ultrasound medical device to instantly and accurately diagnose middle ear infections (Otitis Media) in children and adults. 17.6 Million patient visits a year are coded to OM at a cost of more than \$5 Billion/year, yet clinical studies show a 50% error rate in diagnosis.
OtoSense	OtoSense OM2 platform is a powerful solution that adds this powerful source of information to your set of monitoring and diagnostic tools. OtoSense provides a turnkey solution: front end and back end software suite with user-friendly interface, with full project management and engineering support.
Perkville	Perkville is a cloud based customer rewards and referral platform for small and medium sized businesses that drives loyalty, referrals and social media. It has 1,000+ subscribing businesses, 2M+ users and \$1.3M ARR as of March '16.

<i>Name</i>	<i>Description</i>
Phytonix Corporation	The patented Phytonix process utilizes flue gas emissions (containing CO ₂) from a wide variety of industries to produce high-value industrial chemicals at a cost that is materially lower than fossil-based production methods. The Company's first targeted chemical is butanol, which can be sold in relatively small quantities to manufacturer.
Precision Image Analysis	Precision Image Analysis (PIA) provides an innovative remote image post-processing analysis service for use in diagnostic medical studies, including CT and MRI. HIPAA compliant IT architecture enables the customer to upload images, monitor, track, and retrieve analyses remotely.
ReelSonar, Inc.	Stop searching. Start catching. ReelSonar's iBobber and Netfish give anglers the most knowledge and tools in history to help them make the big catch. By combining their expertise in fishing, technology, and data analytics, ReelSonar has completely changed the world's greatest pastime.
Safe H2O	Safe-h2o Inc. is a water diagnostic company focused on providing the best comprehensive multi-pathogen detection technology: enabling water utilities to protect human health, strengthen environmental protection and reduce fatalities and illnesses from waterborne pathogens. We will market our products to: laboratories who offer water quality analyses; water suppliers; water treatment service providers and water authorities with responsibility for managing and monitoring water quality.
Savara Pharmaceuticals	Savara pharmaceuticals is now listed on the NASDAQ as MSTX, a specialty pharmaceutical company focusing on innovative drugs for the treatment of severe life threatening rare respiratory diseases.
Social Standards (was Bartrendr)	Social Standards has created a platform that for the first time gives the industry the entire picture into their full respective market. We provide objective measurements that brands can finally trust, while extracting actionable analytics in forms they are familiar.

<i>Name</i>	<i>Description</i>
Tether Technologies	Never risk losing a set of master keys again! Tether Tech. has a deployed patented device that eliminates loss of master keys. It is about to launch an IoT device that replaces passive badge reels with active alerts to prevent loss of ID badges and access cards. At the end of a \$2M raise with \$275k remaining. Pre-Money \$3M.
Textile-Based Delivery, Inc.	Our revolutionary patent pending technology allows for Active ingredient delivery via textiles (socks, t-shirts, pillowcases etc). The garments remain machine washable to the product lifespan.
Tilting Motor Works	Tilting Motor Works offers a breakthrough retrofit for Harley-Davidson motorcycles that offers the stability and safety benefits of 3 wheels while retaining the handling and speed of the original motorcycle. The product resonates with 3 million Harley riders who find conventional trike solutions too embarrassing to embrace.
TranscribeMe!	Leader in Highest Quality, Lowest Cost Transcription.
Transform, Inc.	Transform applies big-data science and technology to help our clients achieve new levels of growth. Our Genome is a predictive computational engine that models the hundreds of factors that define complex business concepts such as Customers, Markets, and Campaigns as Customers, Markets, and Campaigns.
Travel Recon	Travel Recon advances the state of the art in travel alerts for enterprises and their workers in remote locations. They offer real-time localized alerts through corporate coordination and provision safe movement instructions and traveler incident reporting.
Viakoo	When company security video cameras are down, enterprise risk is up. Our data-driven SaaS cloud service enables businesses to manage their on-premises video application infrastructure 24x7 to maximize video uptime and avoid the cost and risk of video downtime.

<i>Name</i>	<i>Description</i>
Vispera Bilgi Teknolojileri A.S.	Vispera has been founded with the goal of developing innovative solutions for visual search, retrieval and analytics technologies to solve rational business problems in retail industry.
Woven Orthopedic Technologies	We operate at the core of the intersection between science, technology, and medicine by leveraging advances in smart engineered bio-textiles to design technologies that help provide better care for less cost, to more people around the world.
Zive, Inc.	Zive is the maker of Kiwi for Gmail, which has succeeded in ambitiously turning Gmail into a powerful desktop email client. Kiwi has immediately become the #1 rated email client on Mac, and is now in a rapid growth phase. The Zive Development Platform technology on which Kiwi is based will permit development of many new applications.



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