



# SEATTLE TECHNOLOGY ECOSYSTEM STUDY

A Resource Guide For Technology Entrepreneurs

Ryan McCarthy  
University of Washington, Foster School of Business  
Rdmcc27@uw.edu  
503-516-9324

Randy Ottinger  
Leader-2-Leader  
Ottinger.rjo@gmail.com  
206-909-2026

August 2015



## EXECUTIVE SUMMARY

The objective of this paper is to help entrepreneurs of technology companies in the Puget Sound area more easily identify the professional funding sources, advisors, board members, and other resources that can help them build a foundational support network to succeed through the various stages of a company's life-cycle.

Entrepreneurs face significant challenges in order to survive, grow and monetize their companies. In fact, 90% of tech startups fail to survive<sup>1</sup>. Identifying the right investors and professionals, and involving them at the right time, can be enormously valuable. Along with a company's Board, they form a valuable network to accelerate the success of technology companies.

For many entrepreneurs, it is difficult and time-consuming to tap into the right networks within the Puget Sound region because the information to do so remains scattered. A partial list of industry players that companies access at various times include: Investors (angel networks, VC firms, private family offices, government funding, and strategic investors), Professional Advisors (investment banks, lawyers (business, deal, tax, IP), accountants, HR firms, recruiters, wealth advisors, among others), and other resources (associations, universities, governments, and relevant information sources). The objective of the study is to aggregate information into a resource guide that will be helpful to tech entrepreneurs in the Puget Sound region.

---

<sup>1</sup> [https://s3.amazonaws.com/startupcompass-public/StartupGenomeReport1\\_Why\\_Startups\\_Succeed\\_v2.pdf](https://s3.amazonaws.com/startupcompass-public/StartupGenomeReport1_Why_Startups_Succeed_v2.pdf)

## METHODOLOGY

The research for this study included interviews with major Angel/Seed, VC and strategic investors. We refer to these investors as “Suns” because they have formed a network, or solar system if you will, to source deals, co-invest with other investors, and assist their portfolio companies with top professional advisors and Board members. In addition, we interviewed a number of key professional advisors, experts from the University of Washington, and others from the tech community. We also cross-referenced the data we gathered with information from PitchBook and WTIA. The result of this approach allowed us to understand the Suns and their networks, and aggregate that information in order to understand the technology ecosystem to support entrepreneurs in the Puget Sound Region.

In total, we conducted 32 interviews and asked a broad range of qualitative and quantitative questions. We identified 41 Suns at various stages (Angel/Seed, Venture/Growth, Strategic/Monetization), re-searched their web sites, and conducted interviews. The questions included:

- **Sourcing of deals** – We asked how Suns source their deals and create their deal flow, where they source their deals geographically (Seattle or outside of the area), and what investment criteria they utilize.
- **Company exits** – We inquired about the number of exits and at what stage the Suns determine the success of investments. We also asked when Suns use investment banks and other professional advisors in exits.
- **Investment information** – We asked about their sources of capital, industry focus, frequency of partnering with other investment firms, expectations on return, and other value provided besides capital.
- **Professional advisor recommendations** – We asked Suns to identify professional advisors, including corporate lawyers, accountants, outsourced HR, outsourced IT, wealth advisors, insurance advisors, investment bankers, patent lawyers, recruiting firms (executive), strategy firms, tax advisors, and other consultants.
- **Board and advisory board members** – We asked how Suns identify board members for their portfolio companies, the duration to identify board members, whether recruiters are involved, and utilization of advisory boards.
- **CEOs** – We asked about what investors look for in CEOs and when they decide to replace CEOs.
- **Healthcare Tech** – Although we do not report on the differences in healthcare tech relating to sourcing deals and identifying advisors and board members, we did explore this sector of the tech market.
- **Concluding questions** – We asked what Suns would find most valuable from the study.

## MAJOR FINDINGS

- ▶ The Puget Sound technology ecosystem is large and growing with major strategic companies like Microsoft and Amazon expanding, the startup support network improving, the university system increasingly engaged, and the talent pool attracting even the most foundational Silicon Valley technology companies to open Seattle area offices.
- ▶ At the same time the financial ecosystem of Angel networks, Super Angels, VCs, family offices and strategic investors remains relatively small with a majority of growth and strategic acquisition capital coming from out of State investment firms.
- ▶ Even though the technology investment ecosystem is small, to access the right capital required to fund technology companies from startup, through growth, and ultimately to monetization, requires the right network of board members, investors and professional advisors. Technology entrepreneurs would benefit greatly from spending time constructing their networks carefully to access money in the Seattle area, Silicon Valley, and New York.
- ▶ As the number of technology companies expand in the Seattle area, companies are finding it more and more difficult to identify the talent they need to grow, and the universities are not yet able to keep up with the growing need. At the same time, Seattle's lower cost of living compared to other markets, attracts talent that could alleviate some of the growing pressure of companies to draw developers and engineers to the Puget Sound area.
- ▶ Bottom line is that the Seattle technology ecosystem is strong, but needs to become even stronger to keep up with current demands and competition from other parts of the country and the globe.

# CONTENTS

EXECUTIVE SUMMARY	2
METHODOLOGY	3
MAJOR FINDINGS	4
SEATTLE INVESTMENT ECOSYSTEM SUMMARY	6
SUNS (PROFESSIONAL INVESTORS)	8
SOURCE OF DEALS	9
INVESTMENT TRENDS	10
EXIT TRENDS	12
PROFESSIONAL ADVISORS	13
BOARD MEMBERS	14
SUN RECOMMENDATIONS FOR ENTREPRENEURS	14
OTHER RESOURCES FOR ENTREPRENEURS	15
<b><u>TECHNOLOGY ENTREPRENEUR RESOURCE GUIDE</u></b>	
APPENDIX 1 - Links to Super Angel Sun Investors	17
APPENDIX 2 - Links to Angel Network Sun Investors	18
APPENDIX 3 - Links to Venture Capitalist Sun Investors	19
APPENDIX 4 - Links to Strategic Acquirer Sun Investors	20
APPENDIX 5 - List of Sun Recommended Corporate Lawyers	21
APPENDIX 6 - Other Sun Recommended Professionals	22
APPENDIX 7 - List of Seattle Incubators and Accelerators	23
APPENDIX 8 - List of Recommended Support Organizations and Links	24
APPENDIX 9 - List of Recommended Studies & Tools	24
APPENDIX 10 - Recommended Articles	25
RECOGNITION & THANKS	26
ABOUT THE AUTHORS	27

## SEATTLE INVESTMENT ECOSYSTEM SUMMARY

The Puget Sound area has grown and attracted technology entrepreneurs and talent over the last 30 years. The Washington Technology and Industry Association (WTIA) estimates there are over 8,600 tech companies employing 179,000 people in tech companies across the state, not including an additional 60,000 tech employees in non-tech industries<sup>2</sup>. Puget Sound tech company investments have exploded as well, tripling in number since 2005. In addition, Puget Sound has seen more than \$12B flow into the tech community over the last 10 years.

During the research for this guide, the WTIA's Information Technology Communication (ICT) Impact Study became an invaluable resource to understand the Seattle ecosystem (report attached as an appendix). Figure 1 from the WTIA ICT Impact Study shows the occupations, industries, and support networks that make up the IT and communications sectors in Seattle. We would add to this cluster map professional advisors, such as lawyers, accountants, bankers, and other service providers, who are very much part of the tech ecosystem and critical to its success.

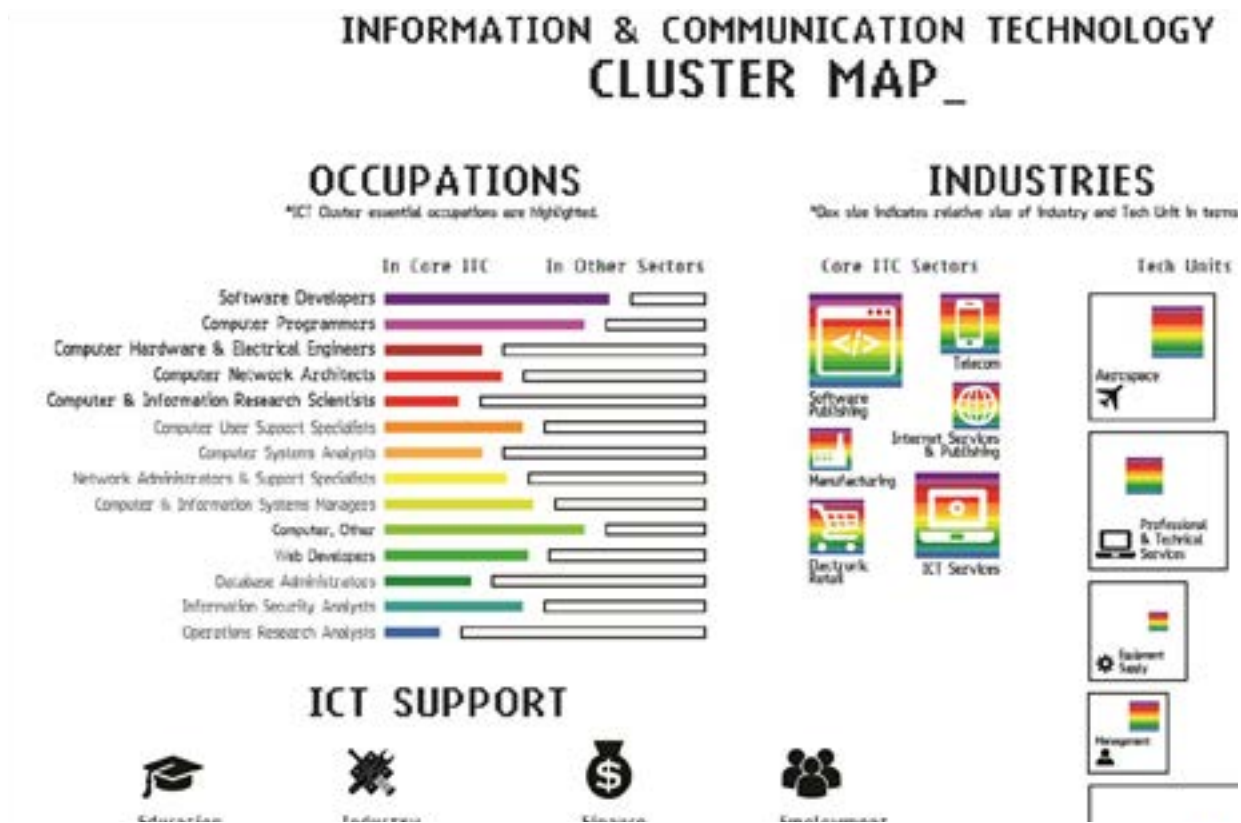


Figure 1. ICT Study Visualization of ICT Presence in Seattle

Several key insights from the study were found that provide a macro view of the tech ecosystem in Puget Sound. Importantly, the gap is widening between tech jobs created and skilled computer software developers in particular to fill those jobs. The tech industry has swelled to the point where demand for developers and software engineers greatly outpaces the supply of local tech talent. Washington State organizations employ 90,000 software developers. With that said, of the 90,000 tech workers, approximately 85,000 were sourced from out of the State. In addition, more than 400 tech companies were incorporated in the Seattle area in 2014, adding to the demand for tech workers. The net result is that the Puget Sound area creates tech jobs ten times faster than trained workers are educated locally<sup>3</sup>.

For entrepreneurs looking for talent, it is getting more competitive and difficult to find the talent needed to grow. Compounding this problem are major tech companies from Silicon Valley that are opening up offices in Seattle to access the Puget Sounds talent pool. For the Puget Sound Region to have a healthy and self-sustaining tech ecosystem will require a combination of Government policy, education initiatives in early, middle, high school and colleges, and corporate support.

As a side project, we attempted to evaluate the health of the tech ecosystem in the Puget Sound region with some sort of index that could be updated regularly. We found that measures such as tech job creation, graduate degrees for computer science and other technology jobs, capital invested in early stage companies and for growth, startup survival through funding rounds, successful exits of tech companies, and government policy and support for the tech sector, are difficult to measure. On the other hand, the information required to help CEOs of tech companies identify sources of capital and advisors, and to plug into the right networks, is more readily available, and is summarized in this study.

Through the interviews, the investors, lawyers and other organizations added a unique perspective to the investment ecosystem in Seattle. Each had slightly different opinions on the Seattle investment community, but there were many commonalities between them. The interviewees said the Seattle market is viewed as having a cooperative relationship dynamic compared to other competitive markets. Both investors and advisors pointed out that the competition here does not exist at the same level as other markets, such as the Bay Area and New York. Still, the importance of identifying the right investors and professional advisors, and accessing the right business networks is seen as a huge advantage to technology companies in the Puget Sound area.

## SUNS (PROFESSIONAL INVESTORS)

There is a relatively small group of highly influential tech investors in the Puget Sound region, including Super Angels and Angel networks investing in early stage companies, Venture Capitalists providing money to seed and grow companies, and strategic partners looking to invest in or acquire tech companies. Certain Angel networks serve an important role to conduct due diligence on companies and aggregate money from individual angel investors locally. The VC community in Puget Sound is relatively small, and most growth capital from VCs comes from out of State. As a result, entrepreneurs must find a way to connect to the VCs in Silicon Valley, NY and elsewhere. One of the best ways to do so is through corporate lawyers or board members who already have relationships with VCs out of State. The strategic investor community, providing capital for entrepreneurs to exit, is also relatively small, with most acquisitions coming from out of State as well.

We identified 41 total Suns who are professional investors in the tech sector. Of those Suns, 6 are Angel networks, 16 are Super Angels investing in early stage companies, 11 are venture capitalists in the Puget Sound area, 2 are government entities and universities, and 5 are strategic investors. These Suns were involved in 488 tech investment transactions, representing 27% of the tech deals in Washington between 2010 and 2015<sup>4</sup>. A list of Suns and links to their web sites can be found in Appendix 1. We also identify in Appendix 1 the stage and industry focus of the Suns.

Aside from angel and VC investors, the University of Washington was also identified as a Sun because of their impact and interconnectivity with the tech and life science startup community in Seattle. The University receives the most dollars for research of any university and generates \$12.5 billion in economic impact for the state<sup>5</sup>. The University's CoMotion office, formerly known as Center for Commercialization (C4C), provides non-dilutive funding mentorship program, incubator space and technology transfer expertise. In FY14 (July-June) alone the university had 421 innovation disclosures<sup>6</sup>. In addition, the affiliated W Fund invests in research and early stage companies that have a connection to universities in Washington State.

Accelerators and incubators also play an important role for tech startups in Seattle. These are companies that offer mentorship and a variety of services to startups that bridge the knowledge, operational and in some cases, the funding gap for the company's next stage of growth. Seattle houses many different accelerators and incubators, which are listed in Appendix 4. Entrepreneurs must evaluate the value these entities offer and the mentors that can help their companies grow. The UW Incubator Study provides an in-depth analysis of select incubator and accelerator offerings. The study link is listed in Appendix 9.

A subset of these Suns was interviewed as part of this paper.

---

4 PitchBook.com  
5 <http://comotion.uw.edu/news/introducing-uw-comotion>  
6 <http://comotion.uw.edu/about/about-us#Dashboard>



## SOURCE OF DEALS

Angel and VC Suns had a high level of agreement about the source of their deal flow. Most sourced their deals from their own personal networks, previous CEOs they've invested with in the past, as well as board members and corporate lawyers that they have worked with. Few Suns paid attention to inbound requests unless accompanied by a credible source in their network. An important conclusion for entrepreneurs is the need to build credible relationships through their own networks, board members and advisors that can make introductions to funding sources.

One insight we learned from the study is the importance of corporate lawyers as sources of new deals. There are approximately 15 corporate lawyers that account for the vast majority of technology formations in the Puget Sound region. They are identified in Appendix 2 of this study as they are the initial contact for incorporating and advising early stage companies. Suns prefer deals from top corporate lawyers because these lawyers have intimate knowledge of the kind of deals that various Angels and VCs are looking for.

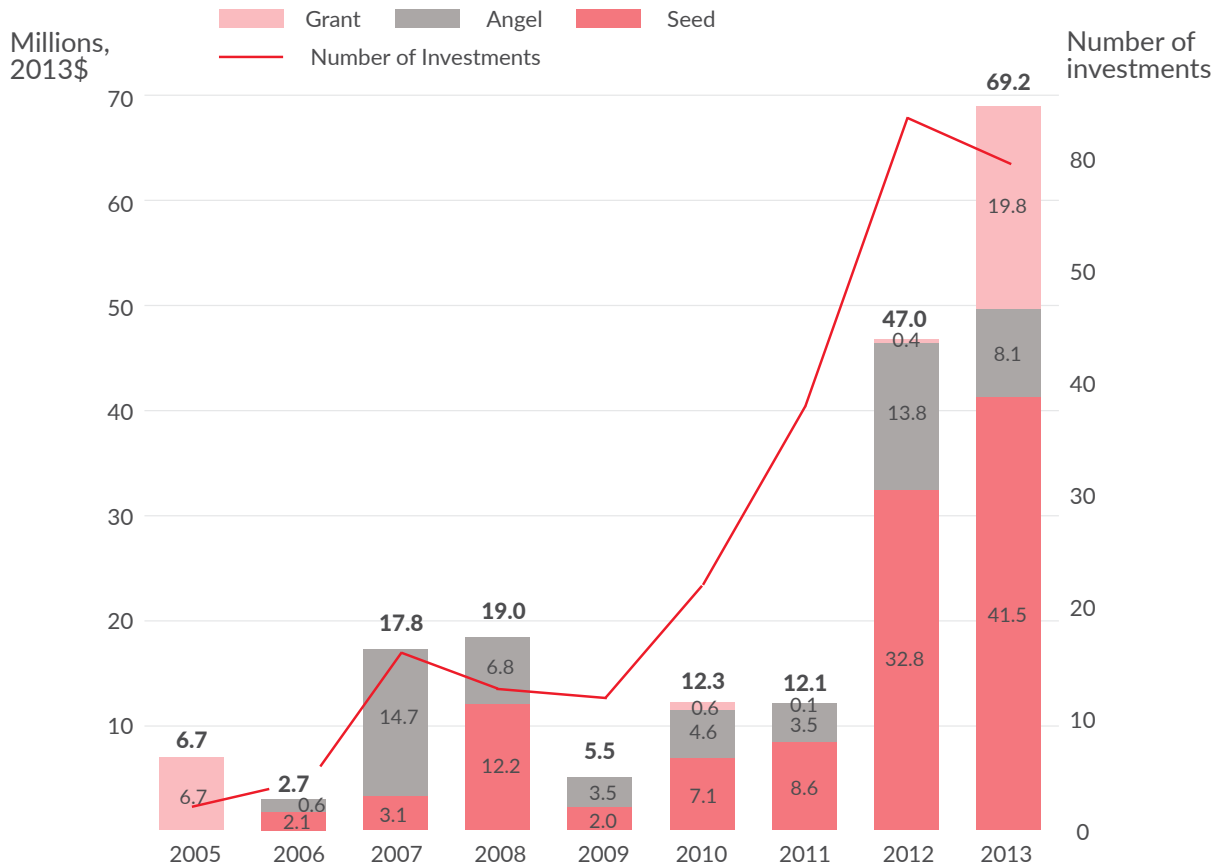
Another insight from the interviews is that the Puget Sound early stage investment community is tightly knit with only a few pockets of investors having unique networks. In general, Super Angels such as Geoff Entress, Andy Liu, Andy Sack, Chris DeVore, Rudy Gadre and Gary Rubens often share deals with each other and VCs, and are often the lead investor in seed rounds raising capital. The angel networks on the other hand often have their own unique networks of advisors created through their angel members. Many attempt to avoid VC financing and the dilution it brings. The University of Washington is a sort of hub for many early stage deals that emanate from within. Many of the top tech companies from around the country provide funding for research to top tech talent from the University. In addition, many of the VCs and Angel investors serve as advisors, educators and mentors for UW entrepreneurs.

Although the interviews identified only male Super Angels in the local investment community, there were also a number of female Angel investors who are actively investing in Seattle. Some of the investors who were highlighted as key players are Serena Glover, Heather Redman and Sarah Imbach.

There were large differences in the location of deal sources that varied across each stage of funding. Angel networks, with some notable exceptions, tended to receive the majority of their deals from the Puget Sound Region. Many of the Angel networks invest almost exclusively in Puget Sound-based companies. On the other hand, a majority of venture capital investments for growth, in excess of 50% of VC investments, comes from firms that are located out of State. VCs are not all alike, and differ in terms of their geographic focus, stage of investment, and sector focus. Madrona, for instance, primarily invests in State, while Maveron focuses on promising consumer companies regardless of location.

## INVESTMENT TRENDS

Investment firms look to invest at certain stages of a company’s lifecycle. In general, Angels invest in seed investments aggregating from \$250,000 to \$2,000,000. Keiretsu Forum typically invests at the top of this range at \$870K per deal and other Angel Networks average lower amounts from there<sup>7</sup>. VCs typically invest after the company has demonstrated some traction, and initial VC investments typically range from \$1,000,000 to \$5 million (though in the last year, average deal sizes have been increasing). VCs will often partner with other VC firms in “syndicates” for even larger investment amounts. The University of Washington provides non-dilutive funding, and sometimes grants are offered for research as well. Graph 1 shows the amount and number of investments from grants, angel and seed investors.

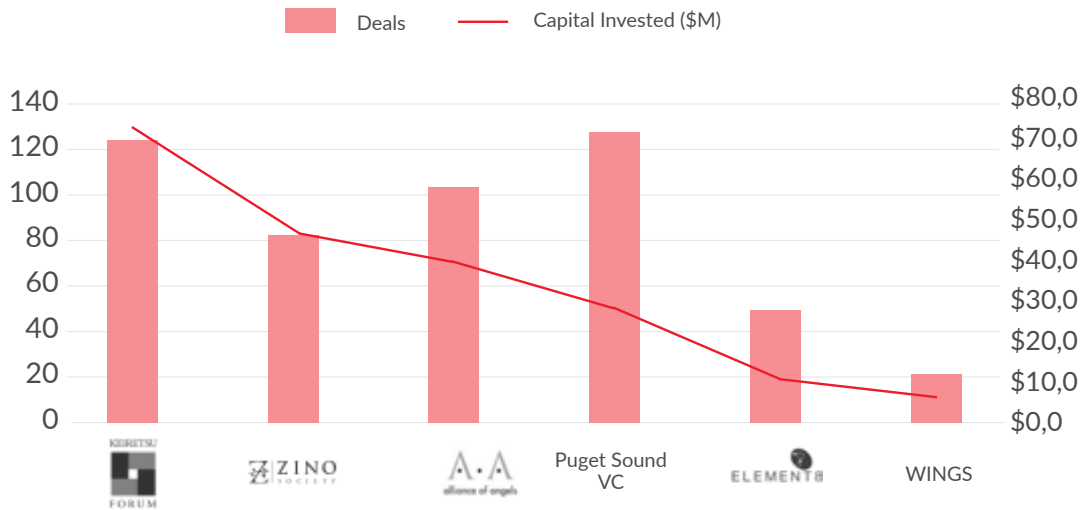


**Graph 1. Dollar and Number of Early Stage Investments, Washington State**

Source: Community Attributes 2014, Crunchbase 2014

Of the early stage deals, the Puget Sound Venture Club invested in the most deals over the period of 2010-2013 compared to all Angel networks, while Keiretsu Forum invested the most capital during the same period; nearly \$74.2M. See Table 1 for the Seattle Angel Networks and their deals from 2010-2013<sup>8</sup>. A table with links to the Super Angels can also be found in Appendix 1.

7 <http://startupseattle.com/2015/04/03/pacific-northwest-angel-groups-2014-track-record/>  
 8 Keiretsu Forum, self-reported angel network funding information. Updated April 11,

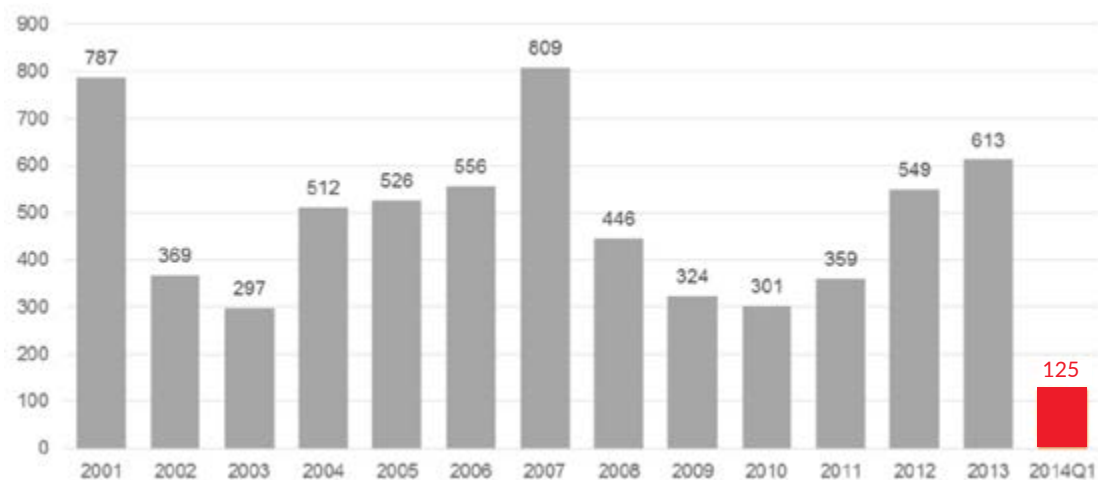


**Table 1.** Angel network investments, 2010-2013, in \$ Millions

Source: Self-reported data to Keiretsu Forum, 2013

Vcs generally invest in growing companies that have passed the seed stage and have a proven business model, customers and momentum. In the Puget Sound region, Madrona Venture Group invested in the most tech-related companies over the last 10 years in the Puget Sound Region. Ignition Partners has restructured and refocused their efforts in the last several years, scaling back on the number of investing partners and the size of fund, and introducing a broader geographic focus. Maveron is considered a top tier firm, but focuses on consumer companies regardless of geography, so most of its investments are out of State.

Also, a number of Seattle VC funds, including OVP Venture Partners and Frazier Technology Ventures, decided to wind down operations in the last ten years, further weakening the VC ecosystem in Puget Sound. At the same time, there are still new VCs entering the ecosystem, such as Tola Capital, a Seattle-based VC firm led by former Microsoft employees that recently raised a \$202.7 million fund<sup>9</sup>. Other notable VC and institutional investors investing in Puget Sound companies include Draper Fisher Jurvetson (which is based in Silicon Valley but has an investing partner based in Seattle), Trilogy, Voyager Capital, Vulcan, WRF and Second Avenue Partners.



**Table 2.** Venture Capital in Washington-Based ICT by Year, 2001-2014Q1, Millions of Dollars

Source: National Venture Capital Association, 2014.

A list of Puget Sound VC firms and links to their web sites can be found in Exhibit 1.

<sup>9</sup> [http://www.bizjournals.com/seattle/blog/techflash/2015/07/tola-capital-raises-202-7-million-to-invest-in.html?ana=e\\_tf&s=newsletter&ed=2015-07-10&u=HLJOYxRVOLdMDQQBg2sJiw017d8d90&t=1436806322](http://www.bizjournals.com/seattle/blog/techflash/2015/07/tola-capital-raises-202-7-million-to-invest-in.html?ana=e_tf&s=newsletter&ed=2015-07-10&u=HLJOYxRVOLdMDQQBg2sJiw017d8d90&t=1436806322)

## EXIT TRENDS

While Seattle is experiencing a boom in tech, there has not been a corresponding trend of exits to match the startup growth. Since 2005, there were 411 mergers/acquisitions completed by 398 companies in Washington State. The vast majority of acquisitions are from companies out of State. EMC and Google had the highest number of M&A transactions, purchasing six<sup>10</sup>. The number of M&A transactions from 2005 – 2015 can be found in the table below. Strategic acquirers are looking to purchase technology and talent to accelerate their growth. The perception of a company’s corporate development division driving acquisitions is often not the case, and often acquisition decisions are made by a company’s product managers who are formulating product strategy.



Table 3. Mergers and Acquisitions, 2005 - 2015, Washington State, in \$ Millions

Source: PitchBook

Through our interviews with the Suns, the preponderance agreed of all of the tech investments in Puget Sound, approximately a third hit the wall and die, a third exit and get investors their money back with possibly a little return, and a third have a 2X to 15X return. Relatively few Washington companies have had a public offering, with 16 tech company IPOs since 2005<sup>11</sup>.

10 PitchBook.com  
 11 PitchBook.com

## PROFESSIONAL ADVISORS

There were over 200 advisor and investor recommendations that came from the interviews. Importantly, one finding is that corporate lawyers turn out to be key advisors, and are often observers during Board meetings. The top lawyers recommended by Suns include: Craig Sherman (WSGR), Dave McShea (Perkins Coie), David Clarke (Perkins Coie), Sonya Erickson (Cooley), Stephen Graham (Fenwick and West), Ben Straughan (Perkins Coie), Bill Bromfield (Fenwick and West), Steven Yentzer (DLA Piper), Charlie Carter (K&L Gates), Effie Toshav (Fenwick and West), Gordon Empey (Cooley), David Wickwire (WSGR), Chris Hurley (Beacon Law), Joe Wallin (Carney Badley Spellman), and Darren Nitz (Free Vector Law). A list of lawyers and links to their web sites can be found in Appendix 2.

For HR services, Shannon Swift of Swift HR Solutions was highly recommended by most interviewees for their “HR in-a-box” model that gives companies an easy to use, pre-packaged HR service. Investor Suns who recommended Shannon’s company said nearly half of their portfolio companies use Shannon’s services. One other notable online HR service recommended by interviewees is a website called Zenefits that offers online HR services. Zenefits is able to offer free services to companies because their business model charges benefit providers to work through them as a middleman to the businesses.

Patent attorneys are critical resources for early stage companies protecting their intellectual property. Most major law firms have their own patent attorneys. In addition, there are a number of specialty law firms that were mentioned by Suns including John Dekenberger (Christensen O’Connor Johnson Kindness), Bill Ferron (Seed Law), Frank Abramonte (Seed Law), Adam Philipp (Aeon Law), and Roy Diaz.

Many early stage firms utilize outsource financial resources including outsourced CFOs. Certain accounting firms provide these services, however, a number of recommended advisors who specialize in this area include Mark Tranter (CFO Selections) and Chris Dishman (Denali Financial).

Recruiters were seldom used by angel investors, and selectively by VCs to identify new CEOs. Often senior talent was sourced by the networks of Sun investors, Board Members and founders. When recruiters were used those most often mentioned by Suns include Lucinda Stewart (HR Recruiting, Spencer Stuart), Shauna Swerland (HR Recruiting, Fuel Talent), and Tom Taft (Executive Recruiting, Laurel Group).

The banks that specialize in tech companies financing and used by portfolio companies of top VC firms in the Puget Sound Region are Silicon Valley Bank (Geir Hansen and Minh Le) and Square 1 Bank (Tom Reimer). Other local banks are also used as well.

Founders and investors infrequently utilize Seattle investment banks. Often the tech companies are too small to utilize the services of an investment bank.

Also, merger or sale opportunities frequently come from the company, Board members, or customers through the normal course of business. In addition, when companies grow to a significant size, bulge-bracket investment banks, such as Goldman Sachs and others are often engaged. Within Puget Sound, Cascadia Capital was most often recommended as a local investment bank by Sun investors.

As it relates to accountants, Suns often did not have a strong preference while other service providers such as lawyers did have relationships with accountants they trusted. For earlier stage companies, smaller regional accounting firms were often recommended such as Moss Adams, Clark Nuber and Bader Martin. For later stage investments, VC’s used large, recognized accounting firms such as Ernest & Young, PwC, KPMG, and Deloitte.

## BOARD MEMBERS

Board members are considered an integral part of a tech company's network. Early stage company Board members are expected to be actively involved, to advise the CEO and senior team, to help source talent and early customers, bring industry knowledge, help identify professional advisors, and help identify sources of investment capital. Once external capital is raised, Board members serve a critical fiduciary role as well.

Separate from the Board of Directors, many companies also created an advisory board to further extend their network, and help in myriad ways. The majority of Suns investing in seed rounds indicated their companies have advisory boards. They felt while the advisory boards had great potential, in general they were not professionally selected or managed, and CEOs didn't effectively utilize them. In addition, many advisory board members didn't realize the responsibilities or time commitment expected to be an effective advisory board member. As a result advisory boards tended to be an underutilized asset. The one exception relating to advisory boards is healthcare, where technical experts are typically vital to the success of the business.

## SUN RECOMMENDATIONS FOR ENTREPRENEURS

Throughout the interview process, we asked our interviewees what they could do to increase the likelihood of receiving capital. Both seed and later stage investors had much the same advice:

- ▶ Investors are evaluating the CEO and their entire team to determine whether they have the entrepreneurial capabilities to execute on their dreams, and attract the right kind of talent.
- ▶ Desired qualities in a CEO: pragmatic, articulate, knows the customers and how the business works, relevant expertise, understands what makes their company unique.
- ▶ A CEO's job is to network, raise money, hire the right people, and bring in customers.
- ▶ CEOs need to understand the problems their companies are overcoming that will allow their companies to grow.
- ▶ Several investors make information available online for companies in preparation before pitching: For instance, Maveron has a list of 10 criteria for what they look for in companies, and angel networks such as Puget Sound Venture Club, Alliance of Angels and Keiretsu Network have a step-by-step guide on how to pitch.
- ▶ CEOs need to attract board members and advisors who are willing to invest money, time and expertise in their companies.

## OTHER RESOURCES FOR ENTREPRENEURS

We identified a significant number of resources to support entrepreneurs, including Rebecca Lovell, Startup Advocate for the City of Seattle, and two key industry associations, the Washington Technology Industry Association (WTIA), the Washington Biotechnology and Biomedical Association (WBBA) for the healthcare industry.

In addition, there are a number of incubators and accelerators that help entrepreneurs connect with each other and with mentors. A comprehensive list of incubators, accelerators, support organizations, information sources and articles for entrepreneurs are attached as Appendix 7-10.

# TECHNOLOGY ENTREPRENEUR RESOURCE GUIDE

This resource guide is intended to help tech entrepreneurs and CEO's by providing a list of top professionals, investors and other resources recommended by Suns. The information that has been gathered is intended to save entrepreneurs time when assembling their network of investors and advisors. The resources include:

- Appendix 1 - Links to Super Angel Sun Investors
- Appendix 2 - Links to Angel Network Sun Investors
- Appendix 3 - Links to Venture Capitalist Sun Investors
- Appendix 4 - Links to Strategic Sun Investors and Other Notable Investors
- Appendix 5 - List of Sun Recommended Corporate Lawyers
- Appendix 6 - List of Sun Recommended Professionals
- Appendix 7 - Links to Puget Sound Incubators and Accelerators
- Appendix 8 - List of recommended Support Organizations
- Appendix 9 - List of Recommended Studies
- Appendix 10 - Links to Recommended Articles





## APPENDIX 1 – LINKS TO SUPER ANGEL SUN INVESTORS

Super Angels			
Investor	Investment Range	Investments	Sector Focus
<b>Geoff Entress</b>	\$50K	58	Consumer Internet, Mobile, SaaS; Currently with Founder's Co-Op
<b>Rudy Gadre</b>	\$50k-\$250K	49	Clean Technology, Consumer Internet, Enterprise Software, Mobile, Search Marketing, Mobile Advertising, Mobile Games, Hardware, Marketplaces, App Discovery, Mobile Devices, Real Estate, Software, Social Media, Communities, Social Commerce, Q&A, SaaS, Advertising Platforms, Recruiting, File Sharing, Education, Social Recruiting, College Recruiting, Life Sciences
<b>Edward Yim</b>	\$1K-\$50K	48	
<b>Gary Rubens</b>	>\$2.5K	47	Consumer Internet, E-Commerce, Mobile, Advertising, Digital Media, SaaS, Robotics, Video Conferencing, User Experience Design
<b>Hadi Partovi</b>	\$50K-\$100K	44	Consumer Internet, Mobile, Internet, Marketplaces, Energy Efficiency, Small and Medium Businesses, Online Reservations
<b>Ben Huh</b>	\$1K-\$100K	39	Social Media, Media, Social Media Platforms, Analytics, Consumer Internet, Enterprise Software, Mobile, Digital Media, Advertising, Mobile Advertising
<b>Matt Shobe</b>	<\$1K-\$250K	37	Mobile, Fantasy Sports, Drones, Sports, Advertising Platforms, Games, Quantified Self, Consumers
<b>Josh Maher</b>	\$1K-\$5K	34	Enterprise Software, Real Estate, Financial Services, Crowdfunding, Commercial Real Estate, SaaS, Productivity, Software, Email, Finance, Investment Management, Real Estate Investors
<b>Ken Glass</b>	\$100K	31	
<b>Jon Staenberg</b>	\$10K-\$250K	31	IT, Food and Beverages, Wine and Spirits, Specialty Foods, SaaS, Consumer Internet, Mobile, Social Media, E-Commerce, Advertising, Social Games, Location Based Services, Social Commerce
<b>Autumn Autrey</b>	\$10K-\$1M+	30	Clean Technology, Consumer Internet, Enterprise Software, Mobile, Health Care, SaaS, Aerospace, Health Care Information Technology, Big Data, Mobile Health, Education, Robotics, Test and Measurement, E-Commerce, Social Fundraising, K-12 Education, Optimization, Mobile Games, Mobile Analytics, Hardware, Deep Information Technology, Space Travel, Real Estate, Retail, Marketplaces
<b>Jay Westerdal</b>		25	High Tech, Mobile, Venture Capital, Cloud Computing, Search Marketing, Apps, Real Estate, SaaS, Enterprise Software, Collaboration, Group Email, E-Commerce, Mobile Commerce, iPad, Tablets, Education, Social Games, Personal Wealth, Health and Wellness, Social Commerce, Nonprofits, Social Media Marketing, Advertising, Sales and Marketing, Games
<b>Dan Rosen</b>		24	Clean Technology, Consumer Internet, Enterprise Software, Mobile Hardware, Marketplaces App Discovery, Mobile Devices, Energy Efficiency, Lighting, Energy Management, Telecommunications, Web Hosting, Health Care Information Technology, Advertising, Analytics, Social Media Marketing, SaaS, Mobile Payments, Vending and Concessions
<b>Mike McSherry</b>	\$1K-\$25K	23	Consumer Internet, Mobile, Big Data Analytics, Venture Capital, E-Commerce, Automotive, Marketplaces, Social Commerce
<b>Robert Martin</b>	\$100K	23	Clean Technology, Consumer Internet, Enterprise Software, Mobile
<b>Andy Sack</b>	\$25K-\$100K	23	Information Technology
Other Influential Angel Investors Identified by Suns			
<b>Chris Ackerley</b>	Founder of Ackerley Partners; Director of Limeade, Benesol and Concure Oncology		
<b>Rich Barton</b>	Executive Chair and Co-Founder of Zillow, Glassdoor and Trover		
<b>John Keister</b>	Board member of Limeade and SPARQ; Founder of Marchex and Go2Net		
<b>Tom Hughes</b>	Partner at Cedar Grove Investments; Board Member at Tree Ring		
<b>Pete Higgins</b>	Partner at Second Avenue Partners		
<b>Nick Hanauer</b>	Partner at Second Avenue Partners		
<b>Mike Slade</b>	Partner at Second Avenue Partners		

## APPENDIX 2 – LINKS TO ANGEL NETWORK SUN INVESTORS

Angel Networks				
Investor	Contact	Total Deals (2010-2013)	Total Investments (\$M) (2010-2013)	Sector Focus
<b>Keiretsu Forum</b>	Nathan McDonald	121	\$74.2	Biotechnology, Software, Games, Life Science, Real Estate, Technology, Consumer Products, Clean Tech
<b>Puget Sound Venture Club</b>	Gary Ritner	124	\$29.3	Clean Technology, Software
<b>Zino Society</b>	Cathi Hatch	83	\$47.3	Software, Biotechnology, SaaS, Consumer Products, Life Sciences, Hardware
<b>Alliance of Angels</b>	Yi Jian Ngo	104	\$40.3	Software, Mobile, Enterprise Software, Life Science, Medical Devices, Hardware
<b>Element8</b>	Bill Lemon	50	\$11.7	Software, Clean Technology
<b>WINGS</b>	Ky Calder	21	\$5.4	Medical Technology, Medical Device
<b>TiE Angels Group Seattle</b>	Hareesh Ved	n/a	n/a	Software/Infrastructure, Internet, Mobility, Clean Tech, Healthcare, Education & eLearning, Medical Devices/Technologies

Source: Keiretsu Forum

## APPENDIX 3 – LINKS TO VENTURE CAPITALIST SUN INVESTORS

Venture Capital		
Investor	Contact	Sector Focus
<b>Madrona</b>	Matt McIlwain	Enterprise Software, Software, SaaS
<b>Ignition</b>	Frank Artale	Software, Enterprise Software, Cloud Computing
<b>Founder's Co-Op</b>	Chris DeVore Andy Sack Rudy Gadre	Software
<b>WRF</b>	Loretta Little	Life Science, IT, Physical Science
<b>Trilogy</b>	Yuval Neeman	Mobile, Software, Finance
<b>Vulcan Capital</b>	Steve Hall	Preferred Industry (Communications and Networking, Software); Preferred Investment Type: (Add-on, Bonds (Convertible), Bridge, Buyout/LBO, Corporate Divestiture, Debt- General, Early Stage VC, Later Stage VC, PE Growth/Expansion, PIPE, Seed Round, Senior Debt)
<b>Second Avenue</b>	Pete Higgins	Mobile, Software, Consumer and Social Media, Internet, Clean Energy
<b>Maveron</b>	Dan Levitan	Consumer only: E-commerce, Curated Web, Education
<b>ARCH Venture</b>	Bob Nelson	Life Science, Physical Science, IT
<b>Voyager</b>	Bill McAleer	Software, Messaging, Web Hosting
<b>Tola Capital</b>	Sheila Gulati	Software
VC's with significant Presence in Seattle		
<b>Intel Capital</b>	Lisa Lambert	M&A of tech startups; Investment arm of Intel
<b>Draper Fisher Jurvetson</b>	Bill Bryant	Consumer Applications and Services, Enterprise Infrastructure & Apps, Big-bet Disruptive Technologies
<b>Other Notable VC's:</b>	The Gramercy Fund, Foundry Group, Greylock Partners, Version One Ventures, Bessemer Venture Partners, Mohr Davidow Ventures, New Enterprise Associates, Andreessen Horowitz, Sequoia Capital	

Source: PitchBook for investment information. Individual investor websites for Sector Focus.

## APPENDIX 4 – LINKS TO STRATEGIC ACQUIRER SUN INVESTORS & OTHER NOTABLE INVESTORS

Strategic Acquirers			
Investor	Tech Investments in Washington (2005 - July 2015)	Total Investments	Preferred Industry; Investment Type
Google	6	190	Software; M/A, PIPE
EMC	5	61	Software; M/A
Microsoft	4	207	Software; Add-on, Buyout/ LBO, Later Stage VC, M/A, PE Growth/ Expansion
Yahoo	4	135	Software; Early Stage VC, M/A
AOL	3	90	Semiconductors, Software; M/A
Avande	3	6	IT Services, Software
Nuance	2	40	Software; Add-on, Buyout/LBO
Ador	2	7	Media, Software
Amazon	2	93	Software; M/A

Source: PitchBook

Government/ Education Institutions				
Investor	Contact	Total Deals (2014)	Median Deal Size (\$M) (2014)	Sector Focus
UW Comotion	Patrick Shelby	11	\$0.1	Technology, Life Sciences; University faculty and student companies only
W. Fund	Linden Rhoads	4	\$1.40	Life Sciences, Software, IT, Engineering, Clean Tech; Washington State companies

Source: PitchBook

## APPENDIX 5 – LIST OF SUN RECOMMENDED CORPORATE LAWYERS (Sorted By # Tech Deals)

Law Office	Recommended Attorney(s)	Recommended Attorney(s)' Practice	Email
<b>Wilson Sonsini Goodrich &amp; Rosati</b>	Craig Sherman David Wickwire	Corporate Finance, Corporate Law & Governance, Entrepreneurial Services, Mergers & Acquisitions, Venture Capital, Energy Innovation & Clean Technology, Entrepreneurial ServicesRound)	csherman@wsgr.com dwickwire@wsgr.com
<b>Perkins Coie</b>	Dave McShea David Clarke Ben Straughan	Corporate Law & Governance, Software Intellectual Property, Emerging Companies & Venture Capital, Mergers & Acquisitions, Private Equity, Corporate Finance Public Companies	dmcshea@perkinscoie.com dclarke@perkinscoie.com bstraughan@perkinscoie.com
<b>DLA Piper</b>	Steven Yentzer	Corporate, International Tax Counsel, Real Estate Finance, Emerging Growth and Venture Capital, Fund Formation and Investment Finance, Private Equity, Tax, Real Estate, Finance	yentzer@dlapiper.com
<b>Cooley LLP</b>	Sonya Erickson Gordon Empey	Emerging Companies, Medical Devices, Software, Mergers & Acquisitions, Life Sciences, Venture Capital Financings, Public Companies, Life Sciences	serickson@cooley.com gempey@cooley.com
<b>Fenwick &amp; West LLP</b>	Bill Bromfield Effie Toshav Stephen Graham (Healthcare)	Corporate, Mergers & Acquisitions, Private Equity, Securities & Corporate Finance, Startup & Venture Capital, Intellectual Property, Mergers & Acquisitions, Securities & Corporate Finance, Technology Transaction	bbromfield@fenwick.com etoshav@fenwick.com sgraham@fenwick.com
<b>K&amp;L Gates</b>	Charlie Carter	Emerging Growth & Venture Capital, Corporate/M&A, Energy, Energy Storage, Private Equity	See K&L Gates website
<b>Beacon Law Advisors</b>	Chris Hurley	Seed, Angel and Venture Financing, Mergers & Acquisitions, Trademark and Copyright Protection, Corporate and LLC Structuring, Tech and IP Development	churley@beaconlaw.com
<b>Carney Badley Spellman, P.S.</b>	Joe Wallin	Mergers & Acquisitions, Angel and Venture Financings, Startups and Emerging Companies, General Counsel to companies, Acquirer Counsel	wallin@carneylaw.com
<b>Free Vector Advisors</b>	Darren Nitz	Venture Information, Equity & Debt Financing, Corporate Governance& Planning, Strategic Alliances, Mergers & Acquisitions	See Free Vector Advisors website

12 Attorneys listed in descending order of deals verified through PitchBook data as of 29 June 2015. Specialties collected through attorney websites.

## APPENDIX 6 – OTHER SUN RECOMMENDED PROFESSIONALS

Company	Recommended Advisor/ CEO
<b>Accountant</b>	
<b>Bader Martin</b>	David Steifel
<b>Moss Adams</b>	Taft Kortus
<b>Clark Nuber</b>	Bob Nuber
<b>Outsourced CFO</b>	
<b>Denali Financial</b>	Chris Dishman
<b>CFO Selections</b>	Mark Tranter
<b>Recruiting</b>	
<b>Laurel Group</b>	Tom Taft
<b>Swift HR Solutions</b>	Shannon Swift
<b>Spencer Stuart</b>	Lucinda Stewart
<b>Fuel Talent</b>	Shauna Swerland

Company	Recommended Advisor/ CEO
<b>Banking Solutions</b>	
<b>Silicon Valley Bank</b>	Geir Hansen Minh Le
<b>Square 1 Bank</b>	Tom Reimer
<b>Investment Banking</b>	
<b>Cascadia Capital</b>	Michael Butler
<b>Corum Group</b>	Bruce Milne
<b>Patent Attorney</b>	
<b>Seed Law Group</b>	Bill Ferron Frank Abramonte
<b>Perkins Coie</b>	Paul Parker
<b>Perkins Coie</b>	Christopher Daley-Watson
-	Roy Diaz
<b>Christensen O'Connor Johnson Kindness</b>	John Dekenberger
<b>Aeon Law</b>	Adam Philipp

## APPENDIX 7 – LIST OF SEATTLE INCUBATORS AND ACCELERATORS

---

Incubators and accelerators offer startups a number of critical services, such as funding, space and mentorship. Every incubator and accelerator in Seattle differs in countless ways and the Seattle-UW Incubator Study (see Appendix 9) provides a comprehensive guideline to how companies can evaluate which incubator or accelerator is best suited for them. Below is a list of Seattle incubators and accelerators spread throughout the area:

### Incubators:

Comotion (UW)  
Galvanize  
HUB  
Ivy Softworks  
Kick Incubator  
Madrona Venture Labs  
McKinstry Innovation Center  
SURF! Incubator

### Accelerators

9Mile Labs  
Accelerator Corp  
Cascadia Medtech  
Fledge  
Founder Institute  
Microsoft Ventures  
NEXT  
TechBA  
Techstars  
Village88 Tech Lab  
WIN/Reactor  
UW Foster School

## APPENDIX 8 – LIST OF RECOMMENDED SUPPORT ORGANIZATIONS AND LINKS

---

**Seattle Office of Economic Development – Startup Seattle** - Startup Seattle is the city's Office of Economic Development advocacy arm for startup growth. They provide resources, job postings, startup tech event postings and best practices/advice for the tech startup community.

**Washington Technology Industry Association: Industry Resources Page** - The Washington Technology Industry Association is the unifying voice for the tech community in Washington. They advocate for the state's information and communication and technology cluster (ICT), and provide other benefits for their members, such as investor/peer networking events, learning opportunities, and other member benefits.

**Washington Biomedical & Biotech Association** - The Washington Biotechnology & Biomedical Association (WBBA) is an independent, non-profit trade association serving the life sciences industry in the state of Washington. They provide a number of services to the life science community and their members through access to capital, talent recruitment, policy advocacy and other supporting functions.

## APPENDIX 9 – LIST OF RECOMMENDED STUDIES & TOOLS

---

**WTIA Information and Communication Technology Economic and Fiscal Impact Study February 2015** - A current analysis of Washington state's IT and communication sectors to include trends in education, government, public policy and employment.

**Wilson Sonsini Goodrich & Rosati: The Entrepreneurs Report** - Private company Financing Trends Q1 2015 - This report analyzes venture financing trends to include funding by round, debt and valuations.

**The Periodic Table of Healthcare** - This infographic visualizes the major healthcare company investors by type.

**Thelander 2015 Private Company Compensation Survey PitchBook Report** - This report informs and analyzes current compensation trends by company position and industry.

**Seattle-UW Incubator Study** - This study provides an in-depth analysis of the Seattle incubators, their offerings, neighborhood analysis, and how they're impacting the Seattle startup community.

**Director Compensation** - This analysis provides findings on board member compensation for public and private companies.

**Board Composition and Director Criteria** - This analysis provides advice on optimal board composition and how to select board members.

**Founder/Advisor Standard Template ("FAST")** - The Founder Institute is one of the largest entrepreneur training and startup programs. The link provides a contract for advisors and entrepreneurs to link in a mentor relationship.

**2014 Annual ARI Halo Report** - This report highlights national and regional Angel funding trends to include valuations, deal size and activity.

**Angel Investing: Catalyst for Innovation** - This study focuses on Angel investing activity and Super Angel views on networking, venture funding, and recommendations to future Angel investors.

**Perkins Coie Startup Percolator** - This website gives entrepreneurs access to many startup tools, education materials and founder best practices. The website also allows entrepreneurs to create their own term sheets and legal documents for free.



## APPENDIX 10 – RECOMMENDED ARTICLES

---

Seattle's Top Investors in 2014 - Seattle investment trends categorized by investor type and accompanied with takeaways

Angel groups in Seattle: How they're doing, what they cost - Seattle Angel Network summary with deal volume, investment amount, and preferred investment stage and sectors.

Pacific Northwest Angel Groups: 2014 Profile and Track Record - Summary of Angel Network average deal sizes and current activity.

The spice must flow: unblocking capital formation for regional innovation and economic development - Details the challenges and way-ahead for Seattle to overcome access to capital from outside of the Puget Sound region.

More than half of Seattle startups are funded by out-of-town investors. Here's why that's a good thing - Summary of investors by location providing capital to Seattle companies.

Here are the Seattle VCs, angels that have cashed in on big exits - High-level summary of Seattle VC investors and recent activities.

The mighty Madrona: Why one VC firm is so critical to Seattle (and why that's a little scary) - Summary of Madrona presence in Seattle compared to other venture firms.

Seattle's biotech sees risk ahead if Life Sciences Discovery Fund gets slashed - This article evaluates anticipated funding challenges for the Seattle life science community.

Tech vs. Biotech: VC heavyweights Madrona, Arch face off over how to fund Seattle - Details the collaboration and divergence between the tech and biotech industries in Seattle.

Why life sciences attract more venture funding than biotech in Seattle - Summarizes the disappearing demarcation between the two sectors and how it may be beneficial to both.

Life sciences in Washington state hits \$1B mark three months earlier than last year - Reports the rapidly growing industry funding occurring at a time when state funding is at risk to disappear.

Nadella: Microsoft is helping fund tech education. Now it's the government's turn - Reports one of the strongest private-public partnerships to support Washington state technology education.

## RECOGNITION & THANKS

We would like to thank the following people for giving us their time and insights as part of this study:

Chris Ackerley, *Ackerley Partners*  
Kristen Bauer, *Threshold Group*  
Kevin Cable, *Cascadia Capital*  
Bonnie Cech, *CadenceMD*  
Chris DeVore, *Founder's Co-op*  
Steve Dimmer, *StratuMed*  
Emer Dooley, *University of Washington*  
Sonya Erickson, *Cooley LLP*  
Barry Forman, *The Fairway Group*  
John Gabbert, *PitchBook*  
Rudy Gadre, *Founder's Co-op*  
Greg Gottesman, *Madrona Venture*  
Brayton Gove, *Point B Capital*  
Mark Hadland, *Level 11*  
Cathi Hatch, *Zino Society*  
Ken Hatch, *Hatch Enterprises*  
Pete Higgins, *Second Avenue Partners*  
Vikram Jandhyala, *UW CoMotion*  
Dan Levitan, *Maveron Venture*

Loretta Little, *WRF*  
Steve Loeb, *Alliance of Angels*  
Rebecca Lovell, *City of Seattle*  
Rob Martin, *Summit Capital*  
Nathan McDonald, *Keiretsu Forum*  
T.J. McGill, *Evergreen Partners*  
David McShea, *Perkins Coie*  
Craig Muska, *Canopy Investments*  
Rob Nelson, *ARCH Venture*  
John O'Dore, *Meridian Capital*  
Ralph Pascauly, *Swedish Medical Group*  
Shwetak Patel, *University of Washington*  
Joe Piper, *Point B Capital*  
Gary Ritner, *PSVC*  
Chris Rivera, *WBBA*  
Michael Schutzler, *WTIA*  
Patrick Shelby, *UW CoMotion*  
Craig Sherman, *WSGR*  
Andy White, *PitchBook*

## ABOUT THE AUTHORS

---



**RANDY OTTINGER**

Randy Ottinger has 30 years of business experience as an executive and adviser to business leaders. Through the strategic growth advisory firm he founded, Leader-2-Leader, Mr. Ottinger helps emerging companies grow from investment to exit. Leader-2-Leader works with Founder/CEOs, Investors, Boards, and Advisory Boards to build strategic networks, accelerate revenue growth, improve access to investment capital, and expand monetization options.



**RYAN MCCARTHY**

Ryan McCarthy is a recent MBA graduate from the Foster School of Business, University of Washington with a concentration in finance and real estate. Prior to his MBA, Mr. McCarthy spent eight years in the US Army leading Patriot missile defense units around the world. He also served as an analyst at the National Guard Bureau where he directly influenced the readiness and strength of the 350,000+ soldiers in the Army National Guard.

