

# BV4

Blue Ventures 4

Partners: Chenoa Farnsworth, Maya Rogers, Henk Rogers

[chenoa@bluestartups.com](mailto:chenoa@bluestartups.com)



## 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
- ▶ **15 Cohorts** completed - **121 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)
- ▶ **\$500 million** in total follow on funding attracted.
- ▶ **450+ investor** network, **300+ alumni** network, **230+ 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

**\$2.3M**

deployed

**41**

investments

**\$1.8M**

Returned

**3.4**

TVPI

**.7**

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



instant teams

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 100x in 2021

Fund III, Cohort #11



# BLUE VENTURES EXITS



IPO



FLOWATER

Acquired



Secondary



Acquired



Acquired



Acquired

## 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**.

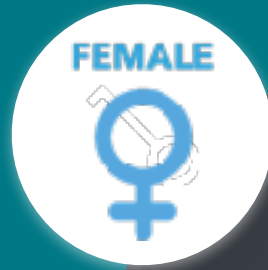
## NETWORK & BRAND

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

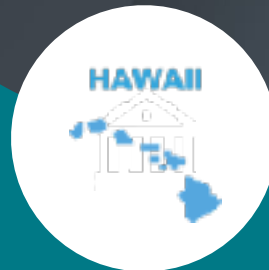
As a women-led organization, we have a deep and personal connection to leveling the playing field in technology for women. In addition, we believe that backing female founded and led companies is a competitive advantage as these companies typically outperform their peers.



## 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**

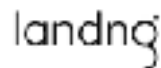
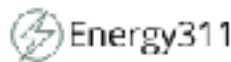
## Follow-On

- **\$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**

# PORTFOLIO



blue startups

# PARTNERS



## Our Impact

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



- 121 Companies Invested
  - 65% Survival Rate
  - 63 Hawaii-based companies
- 1055 Jobs created
  - 168 Hawaii-based jobs
- \$500M follow-on funding
  - \$300M to Hawaii companies
  - \$500k average raise
- 40% Female Founders
  - Goal to increase to 50%
- 230+ Mentors
  - 50% are Hawaii based



# Summer/Fall 2024

- **Cohort 16** (July - Oct)
  - **12 weeks:** 8 weeks in person, 3 weeks online, 1 week SF
  - **Demo Days:** Product Demo Day (HNL), Investor Day (SF)
  - **Observation track:** Hawaii companies not ready for investment to participate as observers
- **Maui Bootcamp** (Nov)
  - Special 1-week bootcamp for Maui entrepreneurs

## 2024 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

## State of Hawaii (SSBCI)

- \$1.3 million (private match required)

## General Partners

- \$200k

## Stafford Capital (ERS)

- 33% of fund up to \$2 million

## Private Investors

- \$1.2 million to date

**Commitments:  
\$4.5m to date**

**\$5M**  
TARGET RAISE

MANAGEMENT FEE

2.0%

CARRIED INTEREST

20% on profits

INVESTORS

Accredited or Qualified only

FUND TERM

10 years



**40hammocks**

Founders

Mina Singson-Brightman

Sector

Travel/Tourism

Company Description

40hammocks is a travel technology for premium group travel experiences, providing seamless group trip planning ...

Website

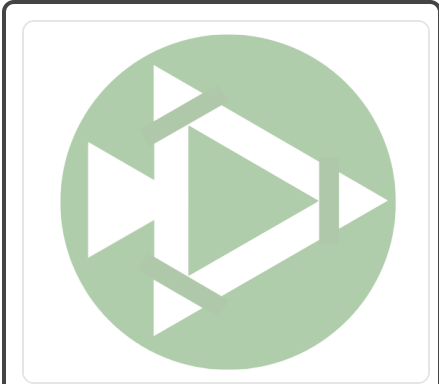
<https://www.40hammocks.com/>

Hawaii Based? (At time of investment)



Total External Funding (from Reporti...

\$170,000.00



**Arrowe**

Founders

Adam Paulin Arianna Scianaro

Sector

Software

Company Description

Arrowe is a highly secure file transfer and chat app that uses hack resistant data channels to keep confidential information of...

Website

<https://arrowe.io/>

Hawaii Based? (At time of investment)



Total External Funding (from Reporti...

\$50,000.00



**Inttent**

Founders

Romesh Jayawickrama

Sector

Software AI/Data

Company Description

Nobody reads long, text-heavy documents anymore. So why are we still creating them? Inttent is the next generating PDF that ...

Website

[www.one2four.com](http://www.one2four.com)

Hawaii Based? (At time of investment)



Total External Funding (from Reporti...

\$1,000,000.00



**Chelle**

Founders

Joshua Cook Kevin Coyle

Sector

AI/Data

Company Description

Chelle reduces the time required to bring new software engineers to full productivity by creating a personalized guide from your ...

Website

<https://www.chelle.ai/>

Hawaii Based? (At time of investment)



Total External Funding (from Reporti...

\$0.00



## SalesPlay X (Segment X)

### Founders

Meg Hall Michal Kowalkowski

### Sector

Advertising/Sales AI/Data

### Company Description

SalesPlay X helps B2B businesses incorporate personalization in their prospecting efforts using AI an...

### Website

<https://www.salesplayx.com/>

### Hawaii Based? (At time of investment)



### Total External Funding (from Reporti...

\$175,000.00



## Feedcoyote

### Founders

Dr. Stevens Bonhomme

### Sector

Software

### Company Description

Feedcoyote is a networking & collaboration app that connects freelancers with other freelancers to collaborate together on 3rd ...

### Website

<https://feedcoyote.com>

### Hawaii Based? (At time of investment)

### Total External Funding (from Reporti...

\$520,000.00



## EKOS.AI

### Founders

Melis Dural

### Sector

AI/Data Software

### Company Description

EKOS.AI is a community management platform for professional groups, enhancing engagement and retention by ...

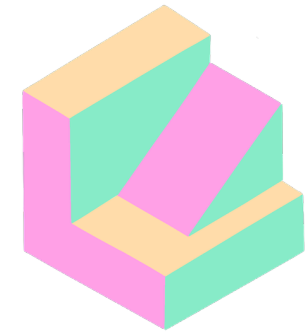
### Website

[www.ekos.ai](http://www.ekos.ai)

### Hawaii Based? (At time of investment)

### Total External Funding (from Reporti...

\$3,400,000.00



## dabbl Corp

### Founders

Madhu Vohra Sirisha Kaipa

### Sector

Education

### Company Description

Optimize student outcomes with AI-powered personalized college and career counseling.

### Website

[www.go-dabbl.ai](http://www.go-dabbl.ai)

### Hawaii Based? (At time of investment)

### Total External Funding (from Reporti...

\$190,000.00



### Skidattl

Founders

Randy Marsden Arianna Rose (

Sector

Software Travel/Tourism Adver

Company Description

Skidattl is a SaaS platform that enables the creation of virtual signage in the physical world using Augmented Reality.

Website

[www.skidattl.com](http://www.skidattl.com)

Hawaii Based? (At time of investment)



Total External Funding (from Reporti...



### CleverFi

Founders

Mario Soave

Sector

Software Travel/Tourism

Company Description

CleverFi allows anyone traveling to connect to WiFi securely and Automatically without asking "what is the Wi-Fi password?" ...

Website

<https://www.cleverfi.com>

Hawaii Based? (At time of investment)

Total External Funding (from Reporti...



### Umi

Founders

Jason Sharp

Sector

Education

Company Description

Learn a language with TV clips

Website

<https://umiapp.co/>

Hawaii Based? (At time of investment)



Total External Funding (from Reporti...



### AdminNow

Founders

Paul Karaffa

Sector

Software AI/Data

Company Description

AdminNow is a digital marketplace that helps companies that are using complex systems, like Salesforce...

Website

[adminnow.io](http://adminnow.io)

Hawaii Based? (At time of investment)



Total External Funding (from Reporti...

\$50,000.00



### Maiven Energy

Founders

Jacqueline Hall

Sector

Sustainability Software PropTe

Company Description

Maiven is the AI-powered home energy concierge software that is driving rapid decarbonization in homes. By replacing energy ...

Website

<https://www.askmaiven.com/>

Hawaii Based? (At time of investment)

Total External Funding (from Reporti...



### NimbleBrain

Founders

Mathew Goldsborough

Sector

AI/Data Software

Company Description

NimbleBrain is a no-code service that enables any business to build, scale, and deploy AI agents within their enterprise using the...

Website

<https://www.nimblebrain.ai/>

Hawaii Based? (At time of investment)



Total External Funding (from Reporti...

\$60,000.00



## Investment Memorandum

To: HTDC Board of Directors  
From: Damon Matteo, Executive Director; Tuan La, HI-CAP Program Manager  
Date: Dec 20, 2024  
Subject: HI-CAP Invest - Blue Ventures Fund IV (BV4) Additional Capital Request

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**Recommended Action:** *RECOMMEND APPROVAL* of **Blue Ventures Fund IV** (“BV4” or the “Fund”) for additional allocation of investment of \$700 thousand, thereby increasing our total investment from \$1.3 million to \$2 million in the Fund, subject to terms and conditions that meet SSBCI and statutory requirements.

As you may recall, our board previously approved an investment of \$1.3 million into BV4. Following careful review and assessment, we firmly believe that increasing our total allocation to \$2 million would be a strategic and beneficial decision for HTDC and Hawaii overall.

### Rationale:

- Enhanced Return on Investment:** BV4 has demonstrated significant potential to foster startup growth. Of the current investments (14 companies), 6 are raising additional external capital (over \$30 million) with significant traction. Thus, by increasing our investment, the Fund will be able to further increase its allocation for follow-on investments to selective high performing startups, which allows HTDC/HI-CAP to achieve greater exposure and potentially achieve an even higher share of returns.
  - Strategic Alignment:** Blue Venture Funds and its investments continue to align with our organization's goals and objectives, supporting innovation and entrepreneurship in Hawaii. Thus, increasing our investment provides more capital/support to the community.
  - Matching Opportunity:** Currently the Fund has commitments total of \$4.2 million (of which \$1.3 million is from HTDC and \$1.2 million from Stafford Capital). Stafford Capital had recently committed to increasing their allocation to \$2 million, conditional on a 1 to 1 match. Thus, an increase of HTDC's commitment to \$2 million would allow the Fund to take advantage of the full Stafford Capital commitment, bringing BV4's total raise to \$5.6 million. Hence, our increased investment would allow the Fund to capitalize on additional funds,
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thereby also allowing more capital to be invested in Hawaii startups and entrepreneurs.

***MOTION to authorize the Executive Director and/or HTDC HI-CAP program manager to finalize terms and conditions and increase our total capital commitment to \$2 million in the Blue Ventures Fund IV, subject to approval of documents by Special Deputy AG and AG Office.***

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**HTDC  
Investments  
and Fund  
Performance:**

Since 2013, HTDC invested an aggregate \$2.77 million in three separate Blue Ventures funds (BVI, BVII, BVIII) which experienced improving gross IRRs, increased value of investment, and a few notable exits/realized returns (Volta, VIA Customers and FloWater). Please see appendix below for further detailed background information on Blue Ventures, successful exits and definitions of performance metrics used in this memo.

Additionally, in 2023, HTDC through the HI-CAP program, utilizing SSBCI federal funds, invested \$1.3 million into Blue Ventures' latest and fourth fund (BV4).

To date, HTDC has already received \$1.25 million in actual cash back or 45% of our invested cash, with the potential to receive much more (due to the large remaining value on the Fund's book). Although we cannot predict when the next exit opportunity will arise, we do believe that there could be more exit opportunities in the near future, given the favorable business environment.

Moreover, Blue Ventures funds continues to outperform with each successive fund. For example, BVIII is generating gross Internal Rate of Return (IRR) of 46% and gross Multiple on Invested Capital (MOIC) of 2.97. For reference, industry benchmark for a typical VC fund should be generating IRR in the range of 15% to 27% and an MOIC over 1.0 is considered a successful fund as it has returned more capital than an investor paid in.<sup>12</sup>

With regards to BV4, although the Fund is still at the early investing stage of its Fund life and have only invested in 14 early-stage companies, the general partners are very optimistic given the high quality of companies coming from the last two cohorts. It is too early to provide IRR data but BV4's MOIC has

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<sup>1</sup> <https://carta.com/learn/private-funds/management/fund-performance/moic/>

<sup>2</sup> <https://seraf-investor.com/compass/article/dividing-pie-how-venture-fund-economics-work-part-ii#:~:text=As%20discussed%20in%20the%20question,IRR%20results%20for%20their%20LPs.>

gone up to 1.6. Thus, it is performing very well and there is a high expectation of solid returns for BV4.

Below is the summarized performance key metrics for Blue Ventures funds and company highlights of some of BV4’s promising investments.

	Blue Ventures I	Blue Ventures II	Blue Ventures III	Blue Ventures IV
Vintage Year	2013	2015	2019	2023
<b>Fund Size</b>	<b>\$1,040,000</b>	<b>\$1,540,000</b>	<b>\$2,940,094</b>	<b>\$4,900,000</b>
Invested Capital	\$949,950	\$1,460,002	\$2,300,000	\$1,428,295
Cash Returns	\$509,676	\$100,053	\$1,946,199	n/a
Remaining Value (Book)	\$1,124,000	\$6,903,261	\$6,787,904	n/a
DPI (Gross)	0.5x	0.1x	0.8x	n/a
<b>Gross IRR</b>	<b>5%</b>	<b>19%</b>	<b>46%</b>	<b>n/a</b>
<b>Gross MOIC</b>	<b>1.57</b>	<b>4.55</b>	<b>2.97</b>	<b>*1.6</b>
<b>HSDC/HTDC Invested</b>	<b>\$700,000</b>	<b>\$770,000</b>	<b>\$1,300,000</b>	<b>\$1,300,000</b>
HSDC/HTDC Cash Returns	\$343,051	\$50,026	\$860,536	n/a

Company	Highlights of Promising Blue Ventures IV Investments
<b>Inttent</b>	<p>Industry: SaaS, AI, Data</p> <p>Nobody reads long, text-heavy documents anymore. So why are we still creating them? Inttent is the next generating PDF that uses video and interactivity, for corporates that need to create detailed documents and share them with a wider audience.</p> <p>Hawaii-based.</p> <p>Recently closed a seed round of \$1.5 million at \$6.5 million post money valuation (up from \$2 million).</p>
<b>Salesplay X</b>	<p>Industry: Advertising/Sales, AI, Data</p> <p>SalesPlay X helps B2B businesses incorporate personalization in their prospecting efforts using AI and automation.</p> <p>Hawaii-based.</p> <p>Recently reached \$10 thousand in monthly recurring revenue and closed a strategic investment from the CEO of Basware</p>
<b>40Hammocks</b>	Industry: Travel/Tourism, Audio, Consumer Software



	<p>40hammocks is a travel technology for premium group travel experiences, providing seamless group trip planning solution and access to leisure group travel savings through collective booking.</p> <p>Hawaii-based.</p> <p>Recently received investment from Techstars at \$5 million post money valuation (up from \$2 million)</p>
<b>Umi</b>	<p>Industry: Education</p> <p>Learning language app using popular video and TV clips.</p> <p>Hawaii-based</p> <p>Recently hit 10 thousand subscribers and reached over \$120 thousand in monthly recurring revenue</p>
<b>Mavien Energy</b>	<p>Industry: Sustainability, Software, PropTech, AI, Data</p> <p>Maiven is the AI-powered home energy concierge software that is driving rapid decarbonization in homes. By replacing energy programs' manual program processes, Maiven's b2b SaaS solution helps utilities reach decarbonization goals faster and at less cost.</p> <p>Recently closed 2 utilities contracts and is now raising additional capital at \$10 million post money valuation (up from \$5.5 million)</p>
<b>Skidattl</b>	<p>Industry: Software, Travel/Tourism, Advertising/Sales, AR/VR</p> <p>Skidattl is a SaaS platform that enables the creation of virtual signage in the physical world using Augmented Reality.</p> <p>Hawaii-based.</p> <p>Recently closed a strategic investment from Signarama at \$10 million post money valuation (up from \$6.5 million)</p>

**Impact and Strategic Alignment:**

Blue Ventures continue to invest in Hawaii companies, create local tech jobs, and support local investee companies to raise external capital. Specifically, in the aggregate, Blue Ventures funds (since 2013) has invested in 139 companies (among which 71 are Hawaii based companies), created over 1,730 tech jobs, and its investee have raised over \$553 million in external capital. With our continual support and additional funding, Blue Ventures will be able to further enhance startup growth and build upon HTDC's mission to create a substantiable tech and innovation-based ecosystem in Hawaii.

	<b>Blue Ventures I</b>	<b>Blue Ventures II</b>	<b>Blue Ventures III</b>	<b>Blue Ventures IV</b>
Total # of companies invested	33 (20 Hawaii)	46 (21 Hawaii)	46 (20 Hawaii)	14 (10 Hawaii)
# of Jobs created	235	455	975	65
External capital raised	\$309,000,000	\$92,500,000	\$145,000,000	\$6,500,000

**Matching Opportunity:**

Currently the Fund has commitments total of \$4.2 million (of which \$1.3 million is from HTDC and \$1.2 million from Stafford Capital). Stafford Capital had recently committed to increasing their allocation to \$2 million, conditional on a 1 to 1 match. Thus, an increase of HTDC's commitment to \$2 million would allow the Fund to take advantage of the full Stafford Capital commitment, bringing B4's total raise to \$5.6 million.

This is a good opportunity for HTDC because it will:

- Increase our exposure to BV4's strong investment performance and thereby increasing our potential to obtain a higher return on our invested capital,
- Help support BV4 and further its, and our, mission of supporting Hawaii's startup ecosystem. Without our additional investment, BV4 would not be able to meet the matching requirement to obtain the additional commitment from Stafford Capital.
- Maximize the impact to reach more local startups because our additional \$700 thousand investment will have at least a 2x additional impact on the local startup community by providing the Fund with an additional \$1.4 million of capital for investments.

**Additional Consideration:**

1. BV4's request for an additional \$700 thousand investment would be conditional on the availability of SSBCI Tranche 2 funds. HTDC has applied for Tranche 2 funding and expect disbursement in late Q1 2025. We expect to receive \$19.8 million of which \$10 million will be allocated for the HI-CAP invest program. The additional \$700 thousand for BV4 would not impact our ability to invest in other promising venture capital opportunities.

2. The ability to raise funding locally for venture investing is limited due to the Islands' small population, limited appetite for risky investments and geographic distance to financial money centers. Local venture firms face the challenge of raising funds from mainland or global investors for Hawaii-based investments. Thus, HTDC has a strong mandate to continue to support local venture funds such as Blue Ventures.



## Appendix:

### **Background:**

Blue Startups (accelerator program) and Blue Ventures (venture capital firm) were formed in 2012 under the guidance of Hawaii Strategic Development Corporation (HSDC), with the goal of developing and promoting local tech entrepreneurship and sources of venture funding within the state. Founded by Henk Rogers of Blue Planet Software and The Tetris Company, Blue Startups was co-founded by Maya Rogers (Henk's daughter) along with Chenoa Farnsworth, former managing director of Hawaii Angels and partner at Kolohala Ventures. Blue Ventures currently is operating its fourth fund, BV4.

Since its formation, Blue Startups ("Blue SU") has completed 14 accelerator cohorts (typically 8-10 startups per cohort) over 13-week programs. It also launched the East meets West (EmW) conference as a marquee networking event for large and small tech companies across the Pacific (7 EmW conferences thus far). Blue SU has been named by *TechCrunch* website as a Top 20 US accelerator, and is a member of the Global Accelerator Network, an invitation-only network of the top 100 accelerators globally, which was started by TechStars, one of the premier accelerator programs in the US.

Blue Startups has received matching grants of up to \$250,000 from HTDC to operate its accelerator program (the grant funds must be matched dollar-for-dollar with private sector funds) as part of HTDC's Hawaii innovation accelerator program approved by the State legislature. Separately, HSDC had invested in all three of funds of the venture capital affiliate Blue Ventures, which made investments in the companies attending the accelerator program. Implicit in any investment in Blue Ventures is the expectation that Blue Startups will continue to run annual programs for startups that receive investments from Blue Ventures (as well as receive partial funding from HTDC for the cost to run the accelerator programs). In the past, HTDC grants have covered up to one-third of the accelerator program costs.

Blue Ventures Funds I, II, III have raised an aggregate of \$5.5 million capital over three funds to make early-stage investments (pre-seed and seed capital) in startups from each accelerator cohort. The new fund BV4 has raised \$4.9 million from existing and new LPs. The larger fund size allows BV4 to maintain the cohort investment program while increasing the size of investments and ability to participate in Series A funding rounds led by other institutional venture firms. Blue Startups and BV4 intend to focus on software-based startups which are developing technology apps and IT solutions for industries including but not limited to tourism and climate industries.

Blue SU is based in Hawaii and recruits' startups globally for each locally run accelerator program. Hawaii-based startups must comprise at least half (4 of the 8) cohort companies, with the remainder from the mainland, and in some cases, foreign-based. Selection criteria is very stringent, with a historical acceptance rate of 2-3% of a total 400-500 applicant pool for each cohort. Chenoa serves as the lead for the accelerator program and the venture investments. Henk and Maya are involved in the overall strategy of Blue SU and Blue Ventures, fundraising, cohort selection process and investment decisions, but are not active in daily operations.

### **Biographies of Key Personnel at Blue SU and Blue Ventures:**

**Chenoa Farnsworth:** As a founding employee and Managing Partner at Blue Startups since 2013, Chenoa oversees the application process and 13-week accelerator program, manages angel stage investments in cohort participants, monitors Blue Ventures investment portfolios and organizes the 2-day East meets West (EmW) tech conference in Hawaii. Prior to Blue Startups, she co-founded Kolohala Ventures, a Hawaii-based technology focused venture fund that invested \$50 million in local tech startups. Started in 2005, Kolohala invested actively through 2010, based on Act 221 tax



investment tax credits (whereby LP investors received 100% of their investments in tax credits over 5 years). Series of funds were raised each year of approximately \$10 million for 5 years under the Act 221 program. Chenoa also managed the state's hydrogen fund of approximately \$10 million, which pivoted to become a fund focused on broader renewable energy (10 investments were made through the Hydrogen fund).

Chenoa was a founding member of Hawaii Angels networking group, where she serves as managing director. She holds a BA degree in political science from UC Santa Cruz and an Executive MBA degree from UH Shidler School of Business. She was raised in Hawaii, and permanently resides in Honolulu.

**Henk Rogers:** Henk is the managing director of The Tetris Company and founded Blue Startups in 2012. He is a Dutch native and video game designer and entrepreneur who lived in Japan designing gaming software for several years before relocating to Hawaii in 2006. In addition to Blue Startups and Blue Ventures, Henk is involved in several private-sector and non-profit entities including Blue Planet Software, Blue Planet Energy and Blue Planet Foundation, a 501(c)(3) non-profit focused on clean energy in Hawaii. In addition to trying to develop tech entrepreneurship in Hawaii, he has been active in developing technologies to reduce carbon-based fuels and research human habitation on the moon and Mars. He received his computer science bachelor's degree from the University of Hawaii in 1976. He does not receive direct compensation for his activities with Blue SU or Blue Ventures but does participate in in carried interest on fund returns.

**Maya Rogers:** Maya is co-founder & partner at Blue Startups, and serves as CEO of Blue Planet Software, the sole agent for the global Tetris brand. She is involved in the cohort selection and investment process for Blue SU and Blue Ventures and is integral in fundraising efforts for BV4. Prior to her current full-time efforts, she worked in development efforts at Sony Computer Entertainment America and American Honda.

Maya, in conjunction with her father Henk, focuses primarily on strategic issues for Blue SU and Blue Ventures, and participates in investment discussions for accelerator program participants as well as selecting final participants in the accelerator program from a short list of approximately 40-50 companies (reduced from an initial vetted applicant pool of roughly 400+ companies globally). She also participates in the fundraising efforts for BV4, sourcing investments from Japan, the mainland and locally within the islands. She does not receive direct compensation for her activities with Blue SU or Blue Ventures but does participate in carried interest on fund returns. She received a BS degree in business administration and an executive MBA from Pepperdine University.

#### **Notable Exits:**

Blue Venture funds has achieved several exits that have provided realized returns to the relevant fund LPs, including HSDC/HTDC. Among the top exits and funding-driven valuations:

**Volta Charging** (received \$70,000 total investment through BVI) is an NYSE-traded company founded in Hawaii which provides electric vehicle charging stations at shopping malls and other parking locations. Revenue comes from LED-based advertising on the charging stations, numbering over 3,000 in sites across 31 states and in Europe. Shell Oil Company recently announced the acquisition of Volta for \$169 million in cash (expected to close in the first half of 2023). BVI received a \$200,000 distribution following the IPO, while HTDC received its \$103,000 pro rata share.

**VIA Customers** (received \$100,000 total investment through BVIII) is a software-based provider of short message service marketing and customer care services for e-commerce companies. BVF made a \$439,760 distribution to HTDC as an LP in BVF Fund III, based on the \$1.9 million secondary sale of stock from a \$50 million Series B funding round by



Tiger Global Investors (valuing the company at \$350 million on a post-money basis). The sale of stock by BVIII in 2021 was at a 20x multiple to invested capital.

**FloWater** (received \$70,000 total investment from BVI) is a purified water dispenser manufacturer whose customers include Apple, Google, Peloton, United Airlines and Warby Parker. Its installed base of corporate customers uses refill stations at on-site locations and offices. BVI received \$130,000 distribution from a 2019 secondary sale of stock in a subsequent funding round at a \$40 million valuation, while HTDC received a \$64,000 distribution. The company was acquired in 2022 by Swedish water and beverage company BlueWater.

## Definitions

**IRR – Internal Rate of Return.** IRR is a uniform calculation for investments of varying types and, as such, can be used to rank multiple prospective investments on a relatively even basis. IRR takes into consideration the timing of cash flows to and from the investment. In general, when comparing investment options with other similar characteristics, the investment with the highest IRR would generally be considered the best. Funds typically present IRRs on both a gross and net basis. IRRs shown by benchmark indices are typically net of fees (equivalent to Net IRR for the Fund).

**TVPI – Total Value to Paid In.** The ratio provides prospective investors (such as HTDC) with a multiple that indicates how many times more the investment is currently valued at compared with the original investment (made at cost), without considering the time value of money.

**DPI – Distribution to Paid In.** The ratio represents the portion of TVPI that is “realized” by investors. It measures how much invested capital has been returned to investors through distributions by the fund.

**Gross Vs. Net** – Gross values (e.g., Gross IRR) are returns before management fees of the venture firm (general partner or GP) are accounted for (i.e., the figure does not deduct the management fees which are taken from LP investors). Net values (such as Net IRR) account for management fees of the GP and are lower than the Gross Values shown.

**Realized Vs. Unrealized Returns** – Realized returns, also called “cash-on-cash returns”, is essentially the ratio of invested capital that has been paid back to investors in the fund. Unrealized returns, also called “paper returns”, is the current value of the fund’s positions in companies that have not been acquired by another entity or have not sold shares held by investors through an initial public offering (IPO). Returns shown are almost entirely unrealized.

**Multiple on Invested Capital (“MOIC”)** is a metric used to describe the value or performance of an investment relative to its initial cost, commonly used within private markets. MOIC is among the most relevant metrics to be assessed while conducting fund due diligence. In fund investments, MOIC is expressed as a measure of the total value (i.e., both realized and unrealized, see below) of all shares in the fund divided by the initial investment. Since the individual securities held in a fund will have exit transactions at different times, the MOIC of the fund at any particular time combines the value of securities that have been sold (i.e., realized proceeds) with the value of securities that remain active (i.e. unrealized value). Unrealized value consists of stakes in companies (whether public or still private) that have not yet been liquidated.



## **Hawaii Technology Development Corporation**

### **Proposal to Explore, Develop, and Launch Capital Formation Initiatives**

July 18, 2024

#### **1. Proposal**

This is a proposal for HTDC to explore, develop, and launch innovative capital formation strategies and initiatives to attract and secure capital to support the growth of Hawaii companies, including but not limited to, the formation of significant funds-of-funds from a blend of private sector investments and government funding, and the establishment of tax-credit programs to support capital formation. The Subcommittee will report back to HTDC Board on its findings and recommendations for moving ahead.

The initial step would be to form a Subcommittee to gather information to assist the Board in its deliberations, including but not limited to, the history of capital formation in Hawaii, the need and impact of capital formation, and the investment opportunities. The Subcommittee would report its findings to the Board, propose options for HTDC to pursue a capital formation strategy, and make recommendations as to next steps.

#### **2. Rationale**

Capital formation is one of the three major components for creating a vibrant and sustainable innovation economy, the other two being commercializable research and workforce development. Without sufficient capital, companies will either fail or move to other locations where they can find capital. Without significant funding sources in Hawaii, investors and funds from outside Hawaii are far less likely to invest in Hawaii companies, that stay in Hawaii. Outside sources of funding seek qualified and well-funded co-investors in Hawaii to monitor, support, mentor, and advise their Hawaii portfolio companies. They also require that State of Hawaii invests and believes in its own companies, before outside capital participates, particularly if the companies are to stay in Hawaii. Some of our best companies that started in Hawaii, were eventually drawn away due to Hawaii's lack of resources and support for these companies. We should strive to keep our companies in Hawaii, so that our community can benefit from job and wealth creation.

What Hawaii needs to meet these challenges is a major source or sources of funding that will put it on the map of important investment opportunities. San Diego, Seattle, Austin, and Utah have accomplished this by having significant players in the investment/venture capital sector in their communities. Hawaii can do the same.

This funding must be major and signal a fundamental shift in how support new businesses. If Hawaii thinks big, it can change the mindset, expectations, and goals. This proposal seeks to develop sources of capital in the aggregate amount of hundreds of millions of dollars, not merely tens of millions. We need to take Hawaii to the next level like never before to uplift the entire ecosystem, and to take advantage of Hawaii's natural advantages to compete on the world stage. And investments in Hawaii companies will create jobs and wealth, and lead to bigger and better ideas and startups in our community.

There are more visible signs of growth in the entrepreneurial/innovation sector today than 20 years ago. There are more accelerators (e.g. Blue Startups, Elemental Excelerator, and Mana Up), co-working spaces for entrepreneurs (e.g. Box Jelly and Hub Coworking Hawaii), and academic

programs (e.g. the Walter Dods Jr. RISE Center and PACE at the University of Hawaii), and research funding.

HTDC is uniquely positioned to take the lead on this critical capital formation initiative, to catalyze the growth to capital for Hawaii companies, and the resulting job creation. It has many tools and it's disposal, and a history of working on capital formation strategies and programs.

### **3. Statutory Authority**

HTDC has broad statutory authority to pursue, initiate, and develop capital formation programs for the State of Hawaii, including, but not limited to, HRS Section 206M-61 (strategic development programs "to stimulate private capital investment in Hawaii toward investments that promote the welfare of citizens in this State, economic growth, employment, and economic diversification"); 206M-75 (seed capital investments); and 206M-78 (venture capital investments).



To: Hawai'i Technology Development Corporation Board of Directors  
From: Damon Matteo, Executive Director  
Date: December 20, 2024  
Subject: Executive Director's Report

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#### SPECIFIC ACTION REQUESTED:

Information only. No action requested.

#### PROGRAM UPDATES

##### A. Facility Updates

1. Entrepreneurs Sandbox – The Entrepreneurs Sandbox Japan partner, Apaman co. signed an agreement in November 2024 with TKP Corporation, also based in Japan to have Apaman's Fabbit brand of business (coworking space) be acquired by TKP. As Apaman invested \$1 million into the Entrepreneurs Sandbox in 2019 in exchange for three (3) offices on the 2<sup>nd</sup> floor under their Fabbit coworking space brand, agreements between Hawaii Technology Development Corporation (HTDC) and Apaman will need to be transferred over to now HTDC and TKP Corporation as the new Sandbox Japan partner.

##### B. Sponsorships

1. Hawaii Venture Capital Association (HVCA) - \$5,000
  - i. February 21, 2025
  - ii. 25<sup>th</sup> HVCA Annual Hawaii Entrepreneur Awards is an awards and networking event to honor, celebrate and recognize the aspiring entrepreneurs and successes in the Startup Paradise community.

##### C. Hawaii Small Business Capital (HI-Cap) Program

1. Submitted for Tranche 2 funds. Expected \$19.8 million in allocated funds to be released to HTDC in late Q1 2025.
2. Still awaiting updates from the treasury on the Small Business Opportunity Program (SBOP) award of the \$1.6 million Technical Assistance Grant
3. BV4, LP is pending HTDC's approval for an increase funding request from \$1.3 million to \$2 million (an addition \$700K) since they were able to secure additional private capital for their match.
4. Mana Loa Venture update: We have engaged council to proceed with recordation and garnishee.

##### D. INNOVATE Hawai'i

1. Department of Energy (DOE) – Smart Manufacturing Training Program Info Session Webinar

- i. INNOVATE Hawai`i successfully launched our Smart Manufacturing Training Program with an online info session that showcased essential resources and funding opportunities for local manufacturers and industry partners. The session focused on adopting smart manufacturing practices and improving energy efficiency. Attendees gained valuable insights from industry experts, including information on grant programs, energy rebates, and financing options tailored specifically for Hawai`i's manufacturing sector. The program aims to equip businesses with the tools needed to excel in a modern, energy-efficient, and technologically advanced manufacturing environment. Webinar partners included the Chamber of Commerce Hawaii, Hawaii Green Infrastructure Authority (HGIA), and Lailima Hawaii.

The DOE Smart Manufacturing Grant is an initiative aimed at integrating and advancing smart manufacturing practices across U.S. manufacturers. Through this program, the DOE collaborates the Manufacturing extension Partnership (MEP) centers like INNOVATE Hawai`i to support small and medium-sized manufacturers (SMMs) in adopting innovative technologies and energy-efficient practices.

- Smart Sensors and IoT (Internet of Things) Devices
- Data Analytics and Machine Learning
- Manufacturing Automation Systems
- Energy Management Systems
- Advanced Process Controls
- Cloud and Edge Computing
- Cybersecurity Tools
- Collaborative Robots (Cobots)

b. HTDC INNOVATE Hawaii Year 8 National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) Center Panel Review

- i. On November 12, 2024 INNOVATE Hawai`i successfully completed our 8<sup>th</sup> Year Center Panel review coordinated by NIST MEP with by peers from other MEP Centers and with NIST MEP Regional Managers. The purpose of the NIST MEP Yearly Center panel review is to evaluate the performance, effectiveness, and compliance of MEP Centers in supporting small and medium-sized manufacturers. It ensures that the Centers align with national manufacturing priorities, deliver impactful

services, and use federal funding responsibly, while providing feedback for continuous improvement and strategic growth.

- c. Manufacturing Assistance Program Grant (MAP) and Hawaii Small Business Innovation Research (HSBIR) grant applications
  - i. MAP Grant applications have closed as of December 1, 2024. This program supports manufacturing businesses in improving operations, technology adoption, and competitiveness.
  - ii. HSBIR Grant applications have closed as of December 6, 2024. This program provides funding for small businesses in Hawai'i to conduct research and development, fostering innovation and commercialization of new technologies that provide economic impact to the State of Hawai'i.
  
- E. Hawaii Center for Advance Transportation Technologies (HCATT)
  1. HCATT continues to work on contract modifications in the completion of the PEARL microgrid. Several key project milestones lie ahead in the coming 6-10 months, completion of solar panels, repairs, installation of power quality metering, and the remaining commissioning and testing of entire system. Upon completion a 12-month data and performance collection period will take place.
  2. HCATT will engage with HTDC's efforts in developing geothermal capabilities as well as the planning and adopting of microgrids for the State.
  
- F. Aerospace
  1. Stratospheric Platform
    - i. Computer Access Technologies (CAT) is working with Aerovironment and Softbank with program sponsorship led by Space Force Maui (Richard Chong) was awarded direct to Phase II program to fly Space Situational Awareness (SSA) and other missions.
    - ii. HTDC is currently working with CAT to move operations from Spaceport America in New Mexico to Hawaii in 2025 and beyond.
    - iii. CAT is currently working with Space Force and other stakeholders for Phase III (Program Level) funding for the program to establish permanent operations for Department of Defense (DoD), Science, and Commercial operations within the State.
  2. Towed Rocket Launch
    - i. Continuing to work with Fenix Space to bring future testing and operations to the State.

- ii. Fenix has secured Defense Innovation Unit (DIU) money to conduct hypersonic testing with its platform.
- iii. Fenix has requested Hawaii Congressional support to fund rocket launch programs.
- iv. Both hypersonic testing and rocket launch from Hawaii provide operational advantages.

### 3. Rocket Launch

- i. Working with Hawaii Space Flight Laboratory and CAT to re-initiate discussions with Rocket Lab (NZ),
- ii. Rocket Lab has in the past worked on establishing launch facilities in the State.

### 4. Aerospace Facilities

- i. Have begun discussions with Department of Business, Economic Development and Tourism (DBEDT) Senator Wakai, and Representative Hold to identify property where an Aerospace port could be established in the State to support the above 3 capabilities.
  - 1. Initial operations/testing can be done from Pacific Missile Range Facility (PMRF) Kauai.
  - 2. Working with DBEDT office to identify and begin lobbying for a permanent facility of Hawaii island – identifying suitable sites near Hilo.
  - 3. Working with CAT to establish what is needed infrastructure wise to handle demonstration and future operations of the platform from locations in Kauai near PMRF, or in Hilo.
  - 4. Aerovironment in currently paying \$3 million per month to New Mexico Spaceport and we feel a location suitable for operations in Hawaii would be more attractive in cost, location, and capability.

### 5. MightyFly

- i. Autonomous cargo aircraft with projected capacity of 500 pounds and a range of 600 miles.
- ii. Currently funded in Phase II SBIR with the air Mobility Command looking at ship to shore missions. We are looking at demonstrating and possible operations in the State for cargo delivery to underserved areas and for disaster/emergency use.

### G. Geothermal

- 1. Received \$3 million in funding from Legislature for Geothermal exploration.

2. Working with stakeholders at DBEDT, University of Hawaii, Hawaii State Energy Office (HSEO), and geothermal consultants in building a Hui/Consortium for geothermal development within the State with the goal of closing in on 100% renewable energy in the State by 2045.
  3. Goals for initial \$3 million
    - i. Set a statewide long-term plan for geothermal development with Stakeholders
    - ii. Community outreach and engagement to build support for geothermal statewide.
    - iii. Work with UH Geosciences group which received \$5 million for exploration from SEO
  4. Completed contracts with UH and geothermal consultant.
  5. Working with Ulupono, HSEO, DBEDT and UH to set a shared vision and path forward for geothermal development with the State.
- H. Microgrid
1. Potential projects being discussed with HCATT looking into potential geothermal based microgrid development in Hawaii.
    - i. Have begun discussions with Department of Transportation's (DOT) Ford Fuchigami to discuss potential microgrid solutions for Kalaeloa and other DOT sites.
- I. Autonomous Vehicles
1. Honda R&D
    - i. Honda R&D is developing an autonomous commercial lawn mower and autonomous support utility vehicle for commercial and agriculture applications.
    - ii. Have met with DOT, Agribusiness Development Corporation (ADC), Maui Economic Development Board (MEDB) and UH and we are setting up demonstration and potential pilot program(s) in Hawaii with various partners.
    - iii. DOT wants to use mower to service General Aviation facilities on Oahu for first pilot and Maui County is interested in demonstrations for wildfire preventions.
    - iv. First demonstrations set to take place for March 2025.
- J. Normal Labs
1. Hawaii start-up based in Kailua building environmentally friend(lier) heating, ventilations, and air conditioning (HVAC) systems, recipient of Manufacturing Assistance Program (MAP) grants from HTDC.

2. Offices in Hawaii, California, and Japan focusing on advanced manufacturing, artificial intelligence/machine learning (AI/ML) proprietary software development, and sustainable products and practices.
3. Not seeking funding – sufficiently backed/funded
4. Significant growth with very large backlog of orders in Hawaii, Continental US, and Japan.
5. Working with Umma to help find space to expand operations and development in Hawaii as they are at risk of moving to California for expansion.

#### **K. Announcements**

1. 23<sup>rd</sup> Annual Hawaii Technology Development Corporation Holiday Tech Job Fair
  - i. Saturday, December 21, 2024 – 10:00 am – 2:00 pm
  - ii. Entrepreneurs Sandbox

The Hawaii Technology Development Corporation (HTDC) is hosting the 23<sup>rd</sup> annual Holiday Tech Job Fair. This event is significant opportunity for job seekers and professionals to explore careers in Hawai`i's technology, engineering, and defense industries. The event aims to support the local community, particularly those wanting to return to Hawai`i, by providing valuable job opportunities and resources.

Event Highlights:

- Employer Interaction: connect with top tech companies in Hawai`i offering job openings, internships and apprenticeships.
- Resources for Attendees: Complimentary resume evaluations by business executives and HR professionals, and free AI-generated headshots for professional profiles.

For more information please visit: [www.htdc.org/jobfair2024/](http://www.htdc.org/jobfair2024/)