2016 was another strong year for Tech Coast Angels (TCA). We invested $14.1 million in a total of 55 companies across a diverse mix of industries in 2016 – showing that we continue to invest in both tech and non-tech companies:

![2016 TCA Investments by Industry - 55 Companies](image1)

![2016 TCA Investments by Industry - $14.1 Million](image2)
Our total investment for the year was the fourth highest since TCA was founded in 1997.

Our angel network also had six exits, including five acquisitions (Retrosense Therapeutics, Clearcare, WeGoLook, Hipmunk and HitFix) and one optional exit (in grandPad). This brings the total exits since the network’s inception in 1997 to 68. Of the 335 investments TCA has made since its founding, 56% are still active. If the remaining active investments yield similar outcomes to that of the 68 realized, investing equal amounts across TCA’s entire portfolio would yield a return of 333% of the initial investment – that is higher than the average of 250% for other Angel Groups. Counting the highest price achieved after IPOs would increase TCA’s return to 441%. 
Our 318 members, with their extensive and broad industry experience, help us invest with confidence in this diverse range of industries, which has always been part of TCA’s DNA. The largest industries by dollars invested are life sciences, software, internet/apps and financial services:
TCA invested in the following new companies in 2016:

**Buy It Installed (VELEXO)** – button integrated into retailer ecommerce site to include installation

**Cloudbeds** – SaaS Hotel Hospitality Management Software

**Codelucida** – disruptive error-correction technology for next-generation for SSD storage

**Curb Energy** – integrated hardware/software system for visualizing and managing energy

**Discotech** – the “OpenTable” for nightlife

**Echo Laboratories** – world’s first hybrid digital microscope for 12x speed and hi res

**Fama Technologies** – help companies screen potential employees by analyzing their social media posts

**FitSpot** – mobile app that connects consumers to fitness trainers

**Forge Therapeutics** – novel therapeutics using chemistry platform targeting metalloproteins

**FUNraise** – most advanced nonprofit fundraising platform

**GengirlMedia** – iBesties dolls, books and online edutainment

**Interplay Learning** – technical & career skills education using 3D

**InvestED** – connects vetted borrowers to trusted lenders in emerging markets

**Jetbuilt** – SAAS platform for installers of AV, IT and security projects

**Kitterly** – bundled kits for knitting/crocheting projects

**LoveLab** – verification service for online dating

**MatriSys Bioscience** – microbiome development for skin infections

**Merge Labs** – virtual reality (VR) goggles for smartphones

**Milo** – next generation of wearable biosensors

**Mindshare Medical** – lung cancer detection through pattern recognition algorithm

**Mission Bio** – cancer diagnostic driven by genetic differences among cells

**Mobilize Solutions** – create & share branded photos on social media

**MomCo** – social networking app for moms

**Movocash** – Peer-2-Peer-2-Purchase payment solution for under-banked Millennials

**Nevados Engineering** – solar ground installations that are faster to install and less expensive

**Nocimed** – pain imaging using existing MR spectroscopy scanners

**Otonexus** – Doppler ultrasound medical device to instantly and accurately diagnose middle ear infections

**P2BInvestor** – marketplace lender for working capital backed by receivables, inventory, or recurring revenue

**Phytonix** – patented process using cyanobacteria, photosynthesis, and CO2 to produce butanol

**Powur PBC** – lead generation for solar installations

**The Venue Report** – promotes gatherings, events and experiences by using a B2B2C custom platform

**TinyKicks** – wireless smart sensor to continuously capture fetal movement

**Tradiv** – B2B marketplace for cannabis

**What Pumpkin Games** – games and digital media based on Homestuck

**Whistle** – allows hotels to communicate with guests through Mobile Messaging and SMS
TCA made additional investments in the following portfolio companies in 2016:

- **Beatshare** – app bringing music to the messaging space
- **Connected Signals** – real-time predictive data streams for traffic lights
- **Doctible** – cash-based healthcare network to shop for healthcare
- **H2scan LLC** – hydrogen sensors
- **HipMunk** – online travel website
- **Immersive Entertainment** – solo and shared Virtual Reality (VR) experiences
- **Immuno Gum** – immunity-support nutraceutical/fortified gum product
- **Infobionic** – device collects and streams ECG respiration & motion to smartphone
- **Kangarootime** – childcare software for payments, check-in and check-out, communication and compliance
- **Mogi Loyalty Services** – 10% cash back for participating restaurants
- **Neural Analytics** – non-invasively measure intracranial pressure
- **Ninja Metrics** – measures the influence between people in any social system
- **RockMyWorld** – streaming music service tailored for running
- **Savara Pharmaceuticals** – inhalable antibiotic for the treatment of MRSA in Cystic Fibrosis patients
- **Schlep & Fetch** – expedited delivery service for restaurant, messenger & courier
- **Sentrain (Jointly)** – remote patient monitoring & analytics platform
- **Somabar** – hands-free bartending appliance for the home kitchen
- **The Influencial Network** – mobile marketing platform that connects social media influencers with leading brands
- **UnBooked Appointments** – deal marketplace for off-peak personal services
- **WeGoLook** – dispatches over 20,000 in-person Lookers to verify claims made by internet sellers
- **Whistle** – allows hotels to communicate with guests through Mobile Messaging and SMS

The two biggest deals in 2016 were Movocash and Echo Laboratories – both with over $1 million invested by TCA.
TCA launched the Angel Syndication Network (ASN) to share the best deals among 25+ prominent angel groups for deal syndication. The angel group leaders are either presidents or syndication chairs. Each angel group nominates their best deals to share with other angel groups for syndication.

Each month, ASN hosts a “virtual” web presentation of a live meeting with multiple cameras and microphones throughout a state-of-the-art meeting room recording the interaction at UCI Applied Innovation’s The Cove facility. The purpose of these meetings is to help fill a round, expedite a closing, and save the CEO from extended road shows. The screening sessions are open and viewed by accredited investors from these respective groups.

Collectively, the angel groups participating in ASN represent over 1500 angels, and over $1 billion in direct investment.
For perhaps the first time ever, there is now quantitative analysis showing the impact of angels. Harvard Business School and MIT published a study based on TCA data and one other angel group that shows funded firms look more successful than those that pitched to the angel group but did not receive it:

- 20% - 25% more likely to survive for at least four years
- 9% - 11% more likely to undergo a successful exit (IPO or acquisition)
- 16% - 19% more likely to have either reached a successful exit or grown to 75 employees by the end of sample period
- 40% more employees (16 - 20 people)
- 16% - 18% more likely to have a granted patent
- Growing faster as measured through web traffic performance
- Higher likelihood of obtaining follow-on financing
- 10% - 17% higher likelihood of successful exit
TCA’s investment focus continues to be on early stage companies. Most companies are already in revenue, and the vast majority are seed/pre-Series A:

2016 INVESTMENT MIX
BY STAGE OF COMPANY

2016 INVESTMENT MIX
BY STAGE OF ROUND
TCA investment in new companies was 62% of the total invested in 2016, up from 35% in 2015 and 41% in 2014. The shift back to new companies reflects a robust pipeline of opportunities and a renewal of overall early-stage investment activity after some slowing earlier in 2016. But the fact remains that the investment cycle is nearing its end, and we are likely experiencing an Indian Summer. Our advice to smart entrepreneurs at this stage in the cycle is:

• Valuations have been dropping, so don’t cling to a higher expectation based on averages of the last several years. Doing so may leave you underfunded or even unfunded

• Raise as much money as you can in the current round, and don’t be concerned about dilution. The next round of equity will be particularly challenging given we will soon be in a down cycle

• Develop a plan that allows you to achieve cash flow breakeven with the funds you are raising in the current round. This may not be your “Plan A”, but you’ll need to have a way to survive if funding during the coming “dry years” does not materialize. At this coming stage in the cycle, VCs understandably focus on keeping their existing portfolio companies alive rather than placing many new bets

• Spend wisely and frugally. If the next dollar you spend doesn’t make for a better product or better customer experience, don’t spend it

• Seek investors who can provide you with experience, guidance and contacts that can help you navigate the challenges ahead