

NEBRASKA

Nebraska	2017	2018	2019	2020	2021
Deals	46	45	41	37	67
Dollars Invested	92.8	154.7	62.4	109.4	463.1

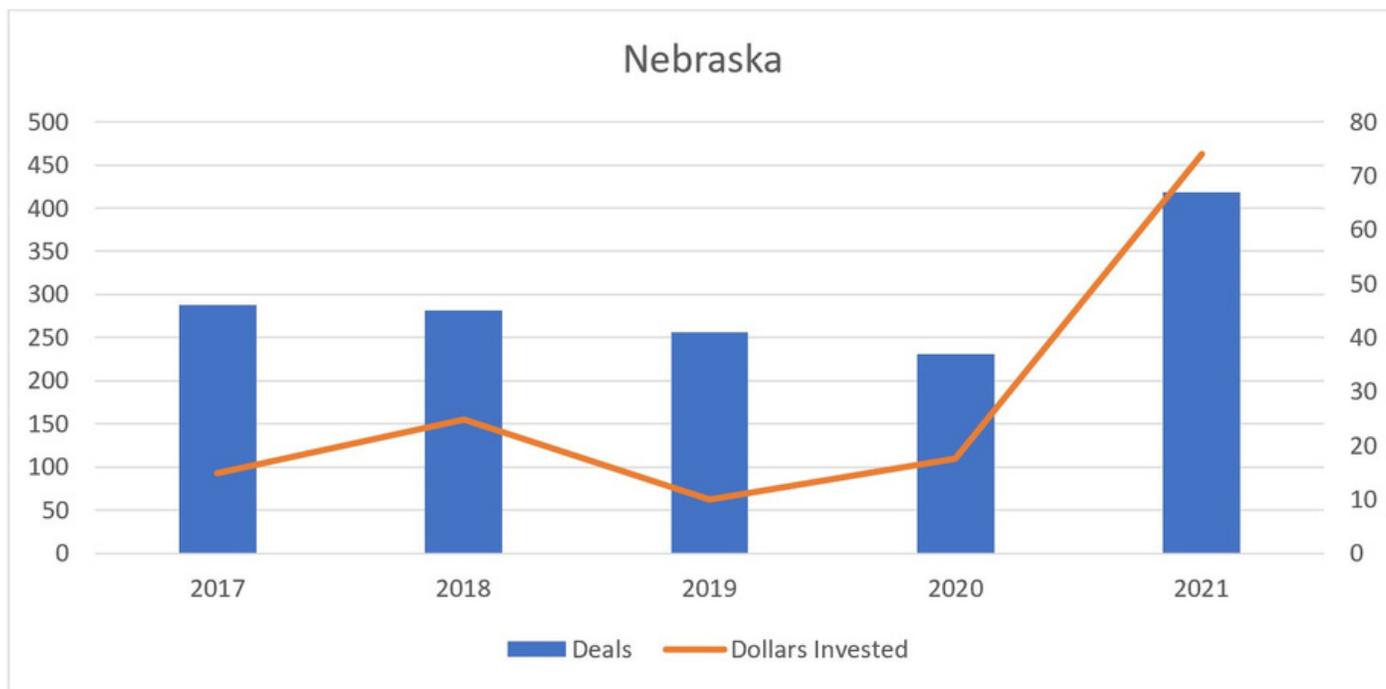
Nebraska's 2021 was nothing short of remarkable. The number of deals increased dramatically over the average – by nearly 40%, and the total dollars deployed was significantly more than any year in its history. This was the culmination of many activities – but not always the ones that were most high-profile. Most of the big fundings over the last five years occurred in Lincoln, not Omaha – the state's largest city (9 of 10). And many of the fundings were not the ones tied to the programs that many point to as critical – such as the Startup Collaborative or nMotion – the local accelerators. Instead, as is true in most ecosystems, there are many ways to build a high growth startup.

Instead, the program that has spurred the most is the state's prototyping program which has produced venture investment of more than \$14 dollars for every \$1 deployed. Companies, such as CompanyCam, Virtual Incision, and Adjuvance, are all recipients – and together they have raised more than \$170 million against less than \$1 million spent by the state. This program was created in 2011, and it has slowly increased the deal flow and capacity in the state – adding 30-50 companies per year to the innovation economy with limited prototyping dollars deployed. Add in Invest Nebraska, acting as a steward for the Department of Economic Development, and the state has laid a strong early deal funding foundation. Invest Nebraska has invested in (and importantly, syndicated with outside capital providers) more than 100 companies over that time. While all of these are small dollars, it has provided needed seed capital to allow a small state to grow many companies that could receive venture investments.

For example, Nebraska's population is under 2 million (placing it ahead of only the Dakotas), and yet it has five times the number of deals as either the Dakotas (which are roughly 40-50% of the population size) and more deals than four other states. It was in the top half of states on a per capita basis for both number of deals per 100,000 and on dollars deployed per capita.

But not all is rosy in the state(5), the average size of investment per investor is near the top – suggesting a potential risk of over stretching the available capital pool. Moreover, there are relatively few total investors, and certain companies – Invest Nebraska and Nelnet – make up a significant amount of both deal flow and the decision making behind deal execution. This suggests that a change in policy by either could create real risk for the full ecosystem.

That being said, first fundings are up and there are other signs of continued optimism including the growth of the Nebraska Angels, and a much more active civic engagement around venture activity creation in Omaha (particularly around the creation of a true accelerator). So, while the data is bullish, we expect a bit of a retrenchment in 2022. The real question is whether 2021 is the beginning of a phased improvement – jumping Nebraska to the next phase – or a short-term outlier.



(5) In particular, the football team has been pretty bad.