

eMERGE INSIGHTS

SOUTH FLORIDA VENTURE ACTIVITY AND INVESTMENTS TRENDS

IN PARTNERSHIP WITH



KNIGHT
FOUNDATION

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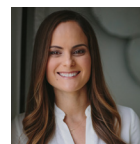
ABOUT eMerge Americas

eMerge Americas is the premier technology event connecting the Americas, held annually at the Miami Beach Convention Center. By connecting global industry leaders and investors with corporate business executives, government leaders, and entrepreneurs, eMerge Americas is transforming Miami into the tech hub of the Americas. In 2019, eMerge Americas attracted more than 16,000 attendees and more than 400 participating companies from over 40 countries. eMerge Americas serves as a catalyst to propel innovation and investment in South Florida and Latin America. The eMerge Americas founding partners include: Medina Capital, A-Rod Corporation, Greenberg Traurig, Knight Foundation, Miami-Dade County, and the Miami Herald. For more information about eMerge Americas, please visit: emergeamericas.com.

OUR TEAM



FELICE GORORDO
CEO,
eMERGE AMERICAS



MELISSA MEDINA
PRESIDENT,
eMERGE AMERICAS



DIANE VIDONI
COO,
eMERGE AMERICAS



ASHLEY ABDULLAH
DIRECTOR OF MARKETING,
eMERGE AMERICAS



NANCY DAHLBERG
INSIGHTS EDITOR

A TRANSFORMATIONAL YEAR

eMerge Americas is much more than an event – it is about an ecosystem that is transforming Miami into becoming the tech hub of the Americas. We always envisioned Miami would be a hotbed of entrepreneurial activity, and we now have the comparative data to trace how much this ecosystem has evolved and the transformational impact we are making as a community.

This year is shaping up to be another record year for investment and venture activity in South Florida, and we are just getting started. Startups across South Florida attracted more VC funding in the first half of 2019 than in all of 2018 combined, and ranking us seventh in the nation – outpacing Austin, Chicago and Washington, D.C.

In order to better measure our ecosystem's evolution and impact, we have partnered with former Miami Herald business writer and editor Nancy Dahlberg, Florida International University, and the John S. and James L. Knight Foundation to track and tell the story of Miami's transformation.

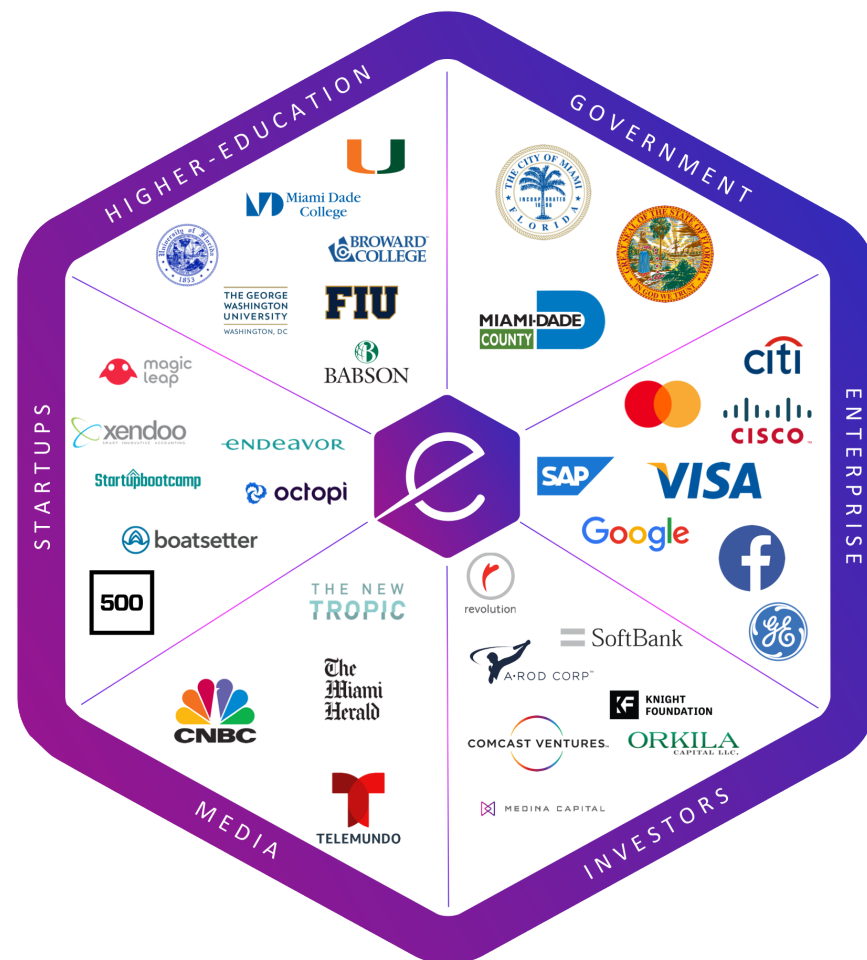
To this end, we will be publishing biannual and annual insight reports that track investment trends and venture activity in South Florida** – and eventually across Florida and throughout Latin America. We invite you to partner with us on this endeavor and encourage you to submit stories on emerging innovators and entrepreneurs worth highlighting.



FELICE GORORDO
CEO, eMERGE AMERICAS



MELISSA MEDINA
PRESIDENT, eMERGE AMERICAS



**This is a small subset of our partners within each sector.*

***For purposes of this report, South Florida is referenced to be inclusive of the Miami-Ft. Lauderdale-West Palm Beach metro-area.*

LETTER

FROM THE EDITOR

Quite the year, and we're just getting started

It is shaping up to be a very good year for the Greater Miami ecosystem. In this report, you will read about some incredible venture capital investments in South Florida companies. If trends hold, it could be the year that shatters the record books. But behind this news is a number of developments worth celebrating.

This spring, SoftBank announced a \$5 billion Latin American fund, the region's largest by far. Miami's place as the Gateway to Latin America is secure: Most of the SoftBank fund's team, including managing partners, are right here in South Florida. Noting that only \$5 billion of VC has gone into Latin America in recent years, "we think there is a great opportunity in LatAm to create amazing companies," said Managing Partner Paulo Passoni, speaking at the annual eMerge Americas conference in April 2019. With the news, Miami is poised to be an even bigger player in the greater LatAm ecosystem.

The red "Rise of the Rest" bus rolled in on May 1st to shine a light on startup development outside the main entrepreneurship hubs. Fort Lauderdale-based startup Xendoo, which provides accounting services for small businesses, took home the big check in Rise of the Rest's pitch competition. During the event, AOL co-founder and Rise of the Rest founder Steve Case reminded South Florida ecosystem leaders not to let up on growth efforts. eMerge Americas wrapped up its sixth year with record attendance of more than 16,000, including hundreds of startups from Miami, the Americas and

around the globe. "It was our desire to change this ecosystem in Miami in a way that is permanent," eMerge founder and Cyxtera CEO Manny Medina said at the two-day conference that also anchored a week of events. "I think we are there."

Other developments added strength to the bench. Endeavor Miami introduced a ScaleUp Program for building up the Endeavor high-impact entrepreneurial pipeline. The Knight Foundation invested more than \$1 million in local projects that aim to deepen connections within the ecosystem. LAB Ventures is launching a \$50 million fund for real estate-tech. 500 Startups Miami will be accepting its second batch for its Growth accelerator and WIN Lab Miami is preparing for its 4th Cohort. Meanwhile, beyond venture news, South Florida startups rolled out new products to the masses – Magic Leap's Magic Leap One is now available in some stores. Startups also made acquisitions, including Nearpod's purchase of Flocabulary, and there were exits, BrightGauge, Octopi and Entic among them.

Looking ahead, the second half is getting off to a hot start. Right out of the gate in early July was a \$30 million raise by dental robotics player Neocis and a \$4 million raise by leading coding school Ironhack. Caribu co-founder & CEO Maxeme Tuchman showed us how equity crowdfunding is done raising a cool \$1 million. Yes, it's shaping up to be a very good year. Come along as we analyze the trends of venture capital in the first half of 2019, and celebrate some key milestones.

-Nancy Dahlberg

Mega-rounds boosted South Florida venture capital to record levels in the first half of 2019 for the Miami-Ft. Lauderdale metro area and the entire state of Florida.

\$1.54 BILLION, more than all of 2018, was invested in South Florida startups and later-stage companies in **60 deals**.

The Miami-Fort Lauderdale metro area ranked **No. 7** in the U.S. for dollar value of deals in the first half, besting Austin, San Diego, Chicago, Washington, D.C. and others. As in 2018, it's No. 1 in the Southeast.

Startups based in the greater Miami area snagged **three quarters** of the state's venture capital take in dollars and more than half of the deals.

ParkJockey's Q1 mega-round, estimated by Pitchbook as **\$900 MILLION** from SoftBank and other funders, was responsible for 58% of South Florida's deal dollars and 43% of the state's dollar volume. ParkJockey recently rebranded to REEF Technology.

Magic Leap's corporate investment by Japan's NTT DoCoMo of **\$280 million** greatly lifted South Florida's numbers in the 2nd quarter.

63% of the deals logged in the first half were angel or seed rounds, about the same pace as last year, but 28% greater than nationally.

1H 2019 HIGHLIGHTS

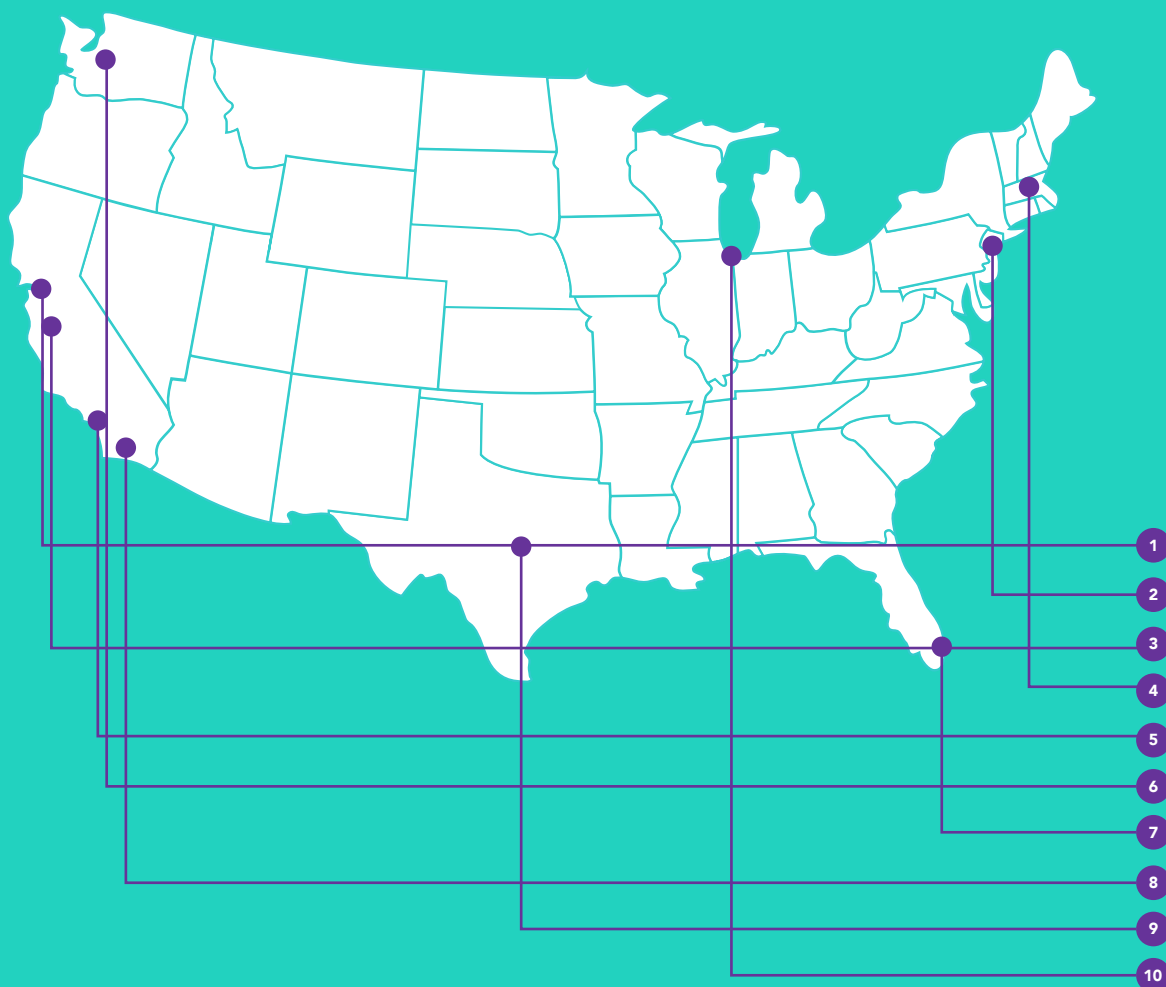
\$1.54 BILLION
INVESTED

60 DEALS

7TH IN THE
NATION
VC INVESTMENTS
BY DOLLAR VOLUME

63% ANGEL OR
SEED STAGE
DEALS

TOP TEN U.S. METRO AREAS FOR VC



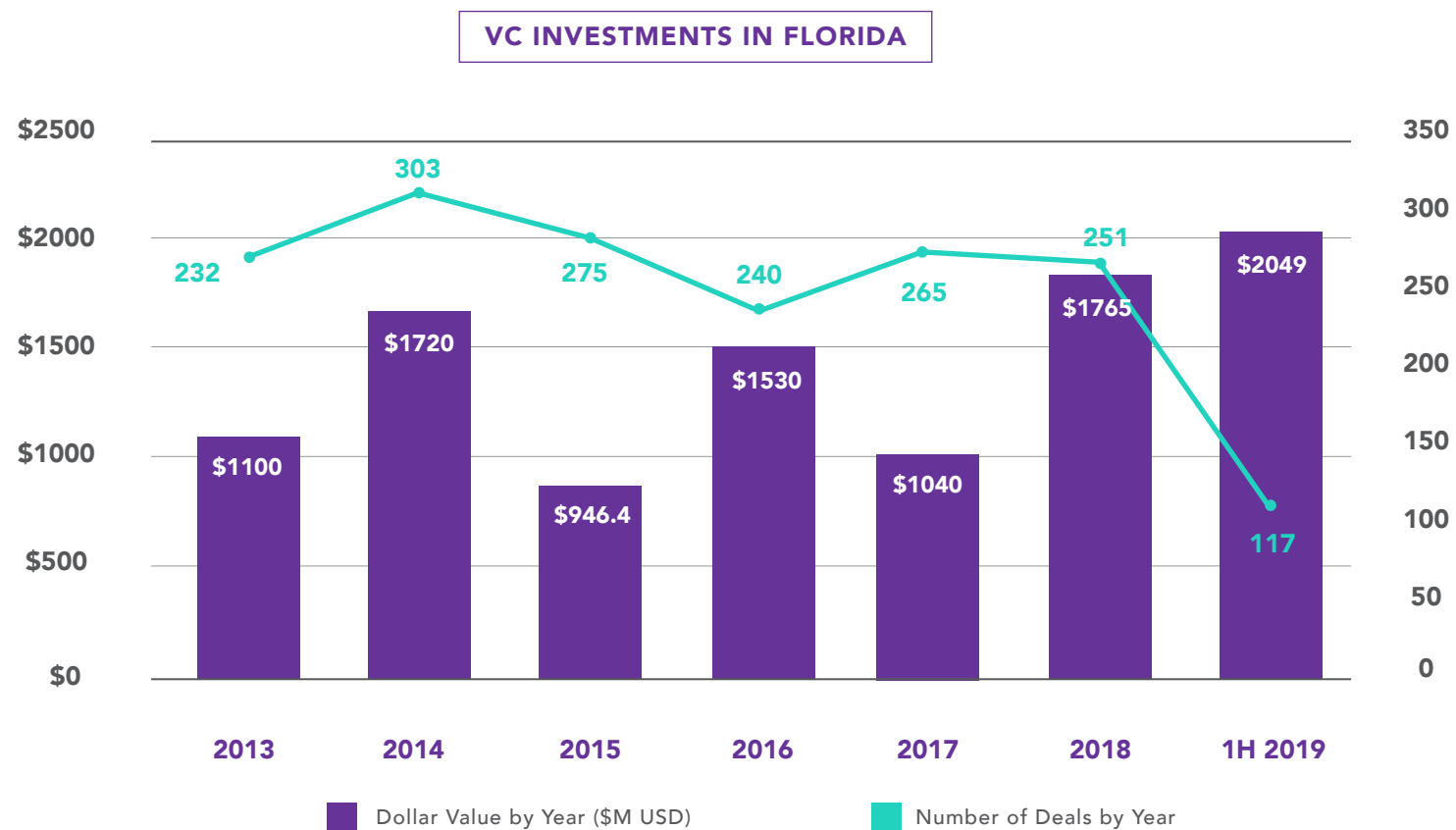
More than three quarters of U.S. venture capital dollars were concentrated in companies in the top five metro areas in the first half of 2019. Miami's metro area comes in at No. 7, just behind No. 6 Seattle, and ahead of Austin, Chicago, Washington D.C., and others.

Nationally, the first half of 2019 saw \$66 billion invested in 4,868 deals. VC is on track to exceed \$100 billion as it did in 2018, when \$130.9 billion was invested across 8,948 U.S. venture deals.

| METRO | DOLLARS (BILLIONS) | DEALS |
|----------------------|--------------------|--------------|
| San Francisco | \$20.04 | 808 |
| New York | \$13.20 | 591 |
| San Jose | \$6.88 | 240 |
| Boston | \$5.72 | 340 |
| Los Angeles | \$4.03 | 298 |
| Seattle | \$1.55 | 183 |
| Miami | \$1.54 | 60 |
| San Diego | \$1.49 | 117 |
| Austin | \$1.01 | 124 |
| Chicago | \$0.979 | 132 |
| U.S. VC Total | \$66.00 | 4,868 |

FLORIDA SNAPSHOT

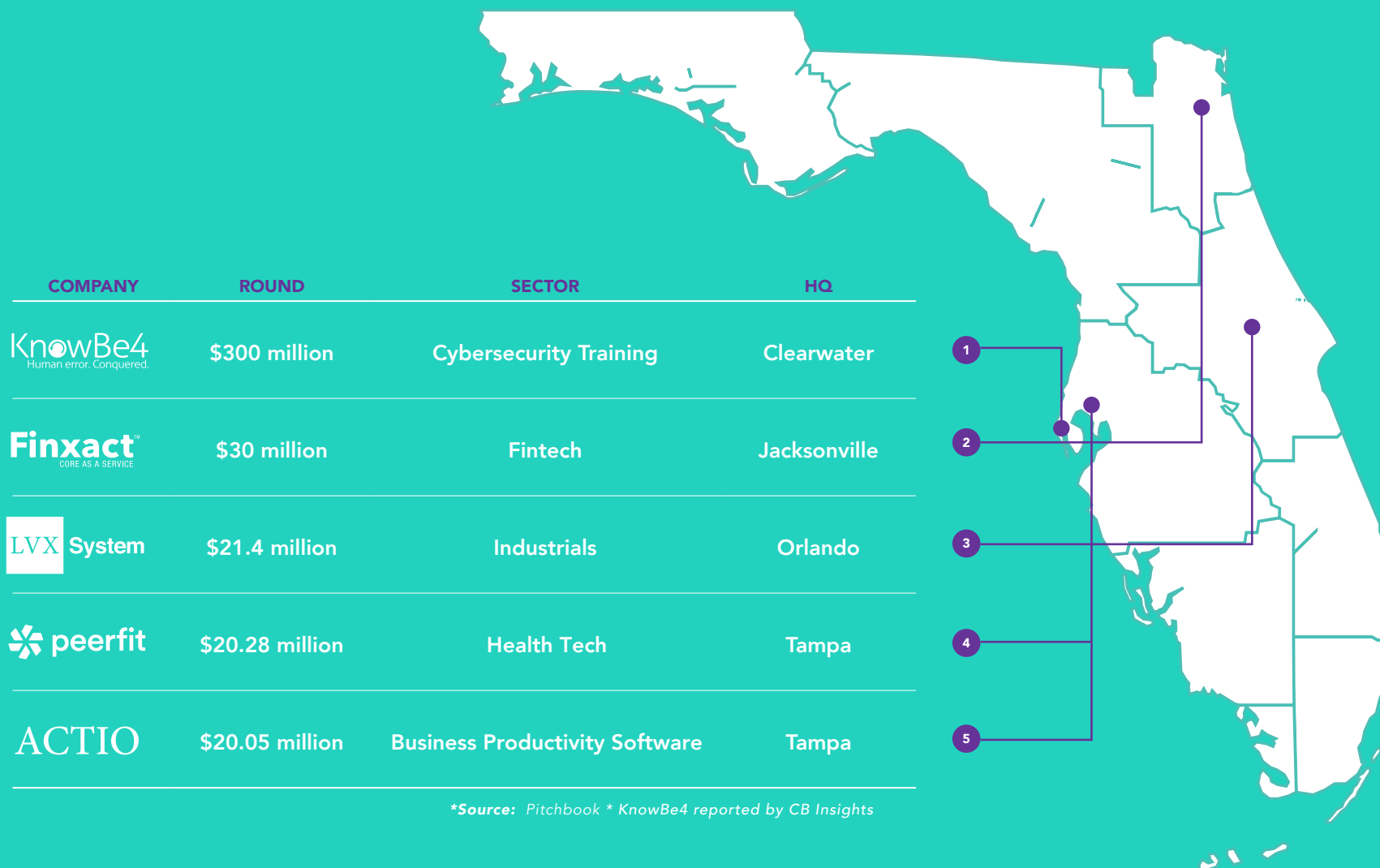
VC dollars flowing to the Sunshine State in the first half of 2019 have already surpassed 2018, with help from ParkJockey (REEF Technology), KnowBe4 and Magic Leap mega-rounds that made up nearly three quarters of the total deal value.



**Source: Historical data tracked by Pitchbook (includes revisions); 2019 data from Pitchbook but includes 6 deals tracked by CB Insights.*

TOP FLORIDA DEALS

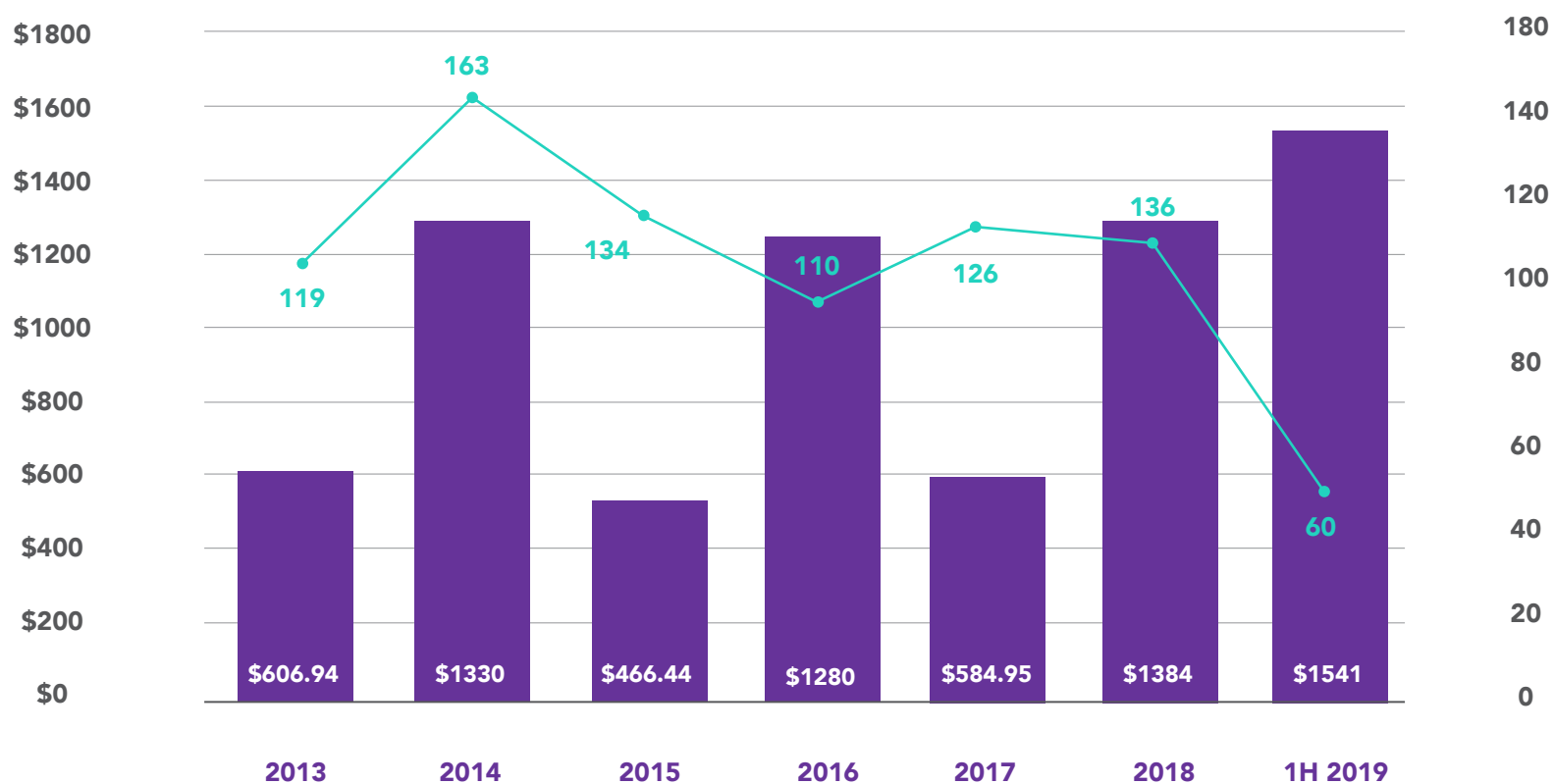
OUTSIDE SOUTH FLORIDA, 1H 2019



*Deal flow through the years,
some with mega-rounds*

SOUTH FLORIDA SNAPSHOT

SOUTH FLORIDA AREA






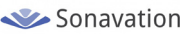


*Source: Pitchbook

■ Dollar Value by Year (\$M USD)

■ Number of Deals by Year

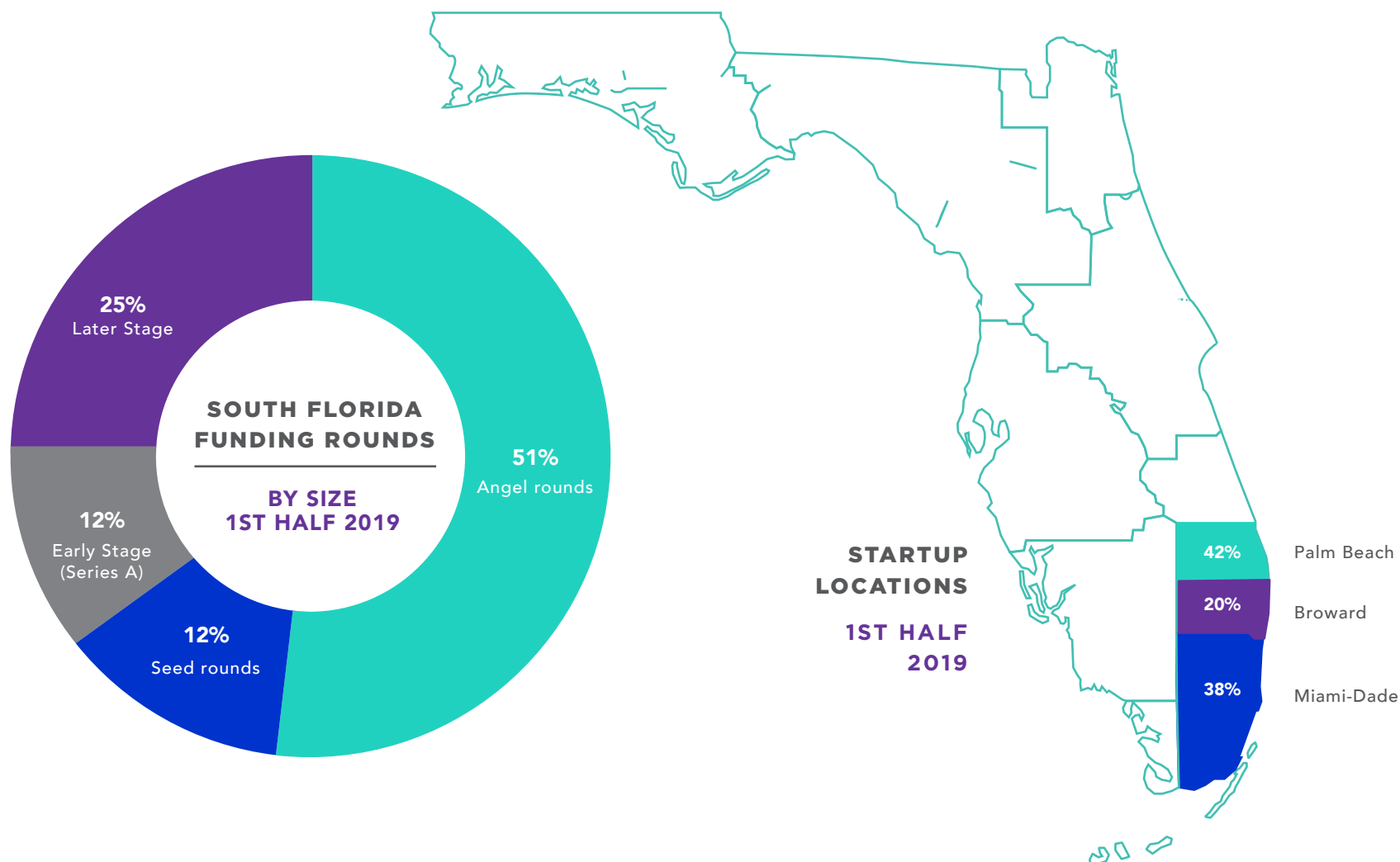
TOP 10 FUNDED SOUTH FLORIDA COMPANIES, 1H 2019

| COMPANY | ROUND TOTAL | SECTOR |
|--|-----------------|--------------------------------------|
|  REEF | \$900 million | Application Software/ Infrastructure |
|  magic leap | \$280 million | AR/ Spatial Computing |
|  TISSUETECH | \$82.25 million | Life Sciences |
|  technisys the next banking experience | \$50 million | Software/ Fintech |
|  greenlane | \$48.25 million | E-commerce/ Cannabis |
|  CareCloud | \$33.16 million | Health Tech/ Software |
|  ORTHOSENSOR | \$23.51 million | Surgical Devices |
|  PIXEOM Leading Edge Computing | \$15 million | IT services |
|  TRUST HILLS | \$10 million | Cannabis Consumer Products |
|  CarePredict | \$9.43 million | Health Tech/ Wearables |
|  TELLUS | \$9 million | Health Tech |
|  Bidtellect Native Intelligence | \$8.68 million | Ad Tech |
|  SUNWAVE | \$6 million | Software/ Substance Abuse Centers |
|  Sonavation | \$5.01 million | Wearables |
|  sympplast | \$5 million | Health Tech |

Source: Pitchbook / **Pitchbook estimated REEF Technology's debt and equity round at \$900 million, made in two tranches: Dec 2019 and March 2019. ** Magic Leap's corporate round reported by CB Insights

63% of the 2019 deals in **South Florida** thus far are angel or seed stage deals.

LET'S DIG DEEPER



NOW TRENDING: HEALTHCARE

What can South Florida's 2019 funding deals so far tell us about what may be clustering?

Most active industry by far: healthcare

Health tech, medical device and life science startups encompassed one-third of the deals in South Florida, led by TissueTech and CareCloud in Miami and OrthoSensor and CarePredict in Broward. That's up from 23% last year, showing a significant spike for the industry. Of the 20 healthcare-related companies that received venture funding in the first half, 8 (13% of all the 2019 fundings) are in health tech. That follows national trends.

VC investment in U.S.-based health tech startups has been climbing steadily for more than a decade. 2018 reached an all-time high with \$8.2 billion invested across 749 deals, and 2019 is pacing to exceed last year's activity with \$4.7 billion invested in the first half. Rising healthcare costs along with the rapid consumerization of healthcare, accelerated by the mass adoption of mobile devices, have propelled health tech upward.

Healthcare is one of the areas for promise for South Florida economic development. Miami already has the second largest health district in the U.S., South Florida's universities and colleges have a growing number of programs and degree curriculums serving the growing industry, and the diverse population base along with the number of senior citizens who call South Florida home make for a compelling place to test and roll out new healthcare solutions.

LET'S LOOK FOR TRENDS

Software is hot but fintech is not, at least this half

41%

SOFTWARE
COMPANIES

In South Florida, software companies made up **41% of the deals, slightly down from 45% in 2018, but mirroring national trends.**

Last year financial technology companies made up 18% of the deals, but we haven't seen anywhere

near that pace in the first half, where just 4 fintech companies brought in venture in this hot segment. Still, one of the highest deals of the half was a late-stage fintech player: *Miami's Technisys raised \$50 million.*

Other trends to watch

15%

AI COMPANIES

15% of the funded companies identified themselves as AI, machine learning or big data companies.

20%

CONSUMER
PRODUCT OR
SERVICE

20% described themselves as consumer product or service companies – serving up everything from gaming for good (Good World Games) to vegan ice cream (Peekaboo).

Three cannabis-related companies received venture capital; another three are in the ride-sharing space. Ad-tech players Bidtellect and VuPulse, both based in Palm Beach County, pulled in funding.

LET'S LOOK FOR TRENDS

Unicorn watch: REEF Technology



South Florida has a new unicorn: **ParkJockey, now called REEF Technology**. A former unicorn and Fort Lauderdale-based JetSmarter, once a high-flyer, was sold to Dubai-based Vista

Global, owner of VistaJet and XOJet, for an undisclosed price. Media reports characterized it as a rescue deal for the struggling JetSmarter.

Female Founders & CEOs on the Rise

7 OF 60
COMPANIES
LED BY FEMALES

13%
STARTUPS
WITH FEMALE
FOUNDING
TEAMS

Just **7 of the 60** venture-backed companies (12%) in the first half of 2019 were led **by females**. While that sounds low – and it is – considering that the percentage nationally of startups with a female anywhere on the founding team is also about 13%, according to Pitchbook, it's a promising data point for our region that should be improved. TissueTech, the Miami-based life sciences

company led by CEO Amy Tseng, received \$82.25 million in the second quarter. Other South Florida female founders and CEOs raising funding: Lisa Rhoads of Sonavation; Melissa Doval of Kairos; Yenvy Truong of HealthSnap; Valerie Lopez of Shoot My Travel; Jessica Levison of Peekaboo Ice Cream; and Cheryl Baker of BioCurity.

LET'S LOOK FOR TRENDS

Top Exits

 **CONNECTIVE**
SOLD FOR
\$1.5 B

 **voalte**
SOLD FOR
\$195 M

 **entic**
ACQUIRED BY
 **aquicore**

It hasn't been a great year for South Florida exits, but homegrown Dania Beach-based Chewy did go public, with an opening pop that had tails wagging. The top exits in the state recorded by Pitchbook for 2019 were Connective, a Tampa-based workflow software company that sold for a cool \$1.5 billion, and Sarasota-based Voalte reportedly selling for \$195 million.

Pembroke Pines-based Entic, backed by Blackstone Group, announced it was acquired by Aquicore,

without disclosing the sale price.

Meanwhile, some South Florida tech companies are proving that venture funding isn't the only path to success. BrightGauge and Octopi, both bootstrapped, announced their sales this year to Continuum and Cargotec, respectively; terms of the deals were not disclosed. For Entic, BrightGauge and Octopi, the acquiring companies plan to keep the teams in South Florida -- good news for the ecosystem.

Another mega-deal of note: Kaseya

 **Kaseya**
\$500 M

Kaseya, which provides IT management software solutions, announced a \$500 million investment from TPG and Insight Partners in May. The multinational company's U.S. base is in Miami, where it employs about 110 and plans to add another 100 over the

next 15 months. "Miami has a tremendous tech talent pool, and we're fortunate to be located in this burgeoning tech market," said Taunia Kipp, Kaseya's EVP of Corporate Marketing & Communications.

SPOTLIGHTS ON INNOVATION

**REEF***Big vision, big backing, and now a unicorn*

“REEF Technology is transforming urban parking real estate into hubs that serve the staging needs of businesses, on-demand transit and other services for people who live in close proximity,” said Alan Cohen, CMO of Miami-based REEF Technology, formerly known as ParkJockey, a parking app startup. REEF announced its new name and expanded focus in late June, six months after news of a very large investment by SoftBank Vision Fund and Mubadala Capital.

REEF already has a network of about 4,500 parking locations with more than 1.3 million spaces. The move will help “future-proof” the garages as the growing on-demand economy and soon driverless cars will begin to make traditional garages obsolete. The hubs will house a curated grouping of businesses and services specific to the needs of neighborhoods and the on-demand economy, such as ride-sharing and food delivery as well as driver services. “We are in the process of deploying REEF ecosystems across North America,” said Cohen, who joined REEF earlier this year from Los Angeles. “In South Florida we have REEF KITCHENS preparing food from a variety of restaurants

that is then delivered to nearby consumers.”

CEO Ari Ojalvo and Umut Tekin founded ParkJockey in 2013 as an app-enabled way to easily reserve and pay for parking spots in selected garages, and it scaled well beyond Miami and London, its two early markets. But even in the early days, Ojalvo had a bigger vision for the company. Cohen said the Brickell headquarters is “expanding rapidly” and REEF has “thousands of employees” across its North America locations. REEF isn’t saying exactly how many employees it has. Tekin is no longer with the company.

Pitchbook reports that the company raised \$900 million, in debt and equity, which is consistent with media reports that have estimated the raise as between \$800 million and \$1 billion. When asked to confirm the Pitchbook report, CEO Ari Ojalvo said, “We don’t disclose the amount raised but the number is higher and the raise was done in 2 tranches, Q4 ‘18 and Q1 ‘19.” Whatever the exact number, it is by far the largest raise in the state this year. More announcements about the company will be coming soon, Ojalvo and Cohen said.



A Miami fintech company that took root in Latin America

Technisys, the Miami-based provider of an innovative digital banking software platform that was co-founded by a trio of Argentines, closed \$50 million in a Series C financing round led by Riverwood Capital in the second quarter. Technisys said the funding will let the company further grow its investments in technology and expand the product portfolio as well as help the company further expand across the United States, Canada and Latin America, as well as to enter new markets in Europe.

Technisys was founded in Buenos Aires by Miguel Santos, Adrian Iglesias and German Pugliese Bassi in 1996, “about 10 years too early,” said Santos, the CEO. The company was selected to join the Endeavor network in 2001. Today the company, with 600 employees in Miami and across the Americas, will likely make nearly \$50 million in revenue this year, according to media reports. Its platform is running in 15 countries and it has about 50 enterprise customers.

“We are here to stay and the plans are big. The next stage is probably a public offering in say, three to four years,” Santos recently told Forbes.



A health tech player with a mission to help seniors

Founded by tech veteran Satish Movva, CarePredict is a health tech startup for senior care. Its first-to-market AI-driven technology predicts a wide range of developing health conditions -- including the possible onset of depression or an increased fall risk -- through continuous observation of daily activities.

CarePredict, based in Plantation and now a team of 18, has raised \$9.5 million in Series A financing led by Secocha Ventures, Las Olas Venture Capital, both based in South Florida, and StartUp Health Ventures. Its solution is currently used primarily in assisted living centers. CarePredict won the Accessibility Award at CES 2019, where the company also announced it would be launching into the at-home segment in October. It is already seeing “very rapid results and good product-market fit,” Movva said. CarePredict launched in Japan in December 2018 with good initial traction.

“The sheer numbers of people aging at home and the shift to value-based care means healthcare plans and providers are getting very interested in a predict and prevent model vs. the current detect and treat model. We are unique in helping them achieve that,” Movva said. “We will emphasize the aging at home market in the next two years by our next-gen products, which are worldwide cellular compatible and allow us to address the strong inbound interest from South America.”



Joining the million-dollar club

When a selfie stick just will not do, there's Shoot My Travel to the rescue. Travelers love the global marketplace connecting them with on-demand professional photographers, but investors are appreciating the big picture. The startup raised a \$1.1 million round from Jason Syndicate and Ludlow Ventures earlier this year. At the time, only about 60 Latina founders anywhere had raised \$1 million or more in institutional venture funding – ever. Now South Florida is home to at least three: Ana Roca Castro of Genius Plaza, Maxeme Tuchman of Caribu, and Valerie Lopez.

Shoot My Travel is a full-time team of 11, spread between Miami, Colombia, China and Spain. The service is available in 466 cities in 100 countries. Through the website or app, users can connect with more than 1,000 vetted pro photographers from around the world for travel photos “through the lens of a local.” Last year Shoot My Travel joined Jason Calacanis' LAUNCH Accelerator in Silicon Valley, where Lopez honed her growth strategy and pitching prowess.

Lopez hints there are big developments to come. “We are launching a new and exciting rebranding and platform. Key hires are at the top of our priority list to scale and we are investing heavily in technology and marketing.” Stay tuned for details soon, she says.



Long road to commercialization paying off

Kicking off the second half of the year, Neocis, a Miami-based healthcare robotics company, recently announced that it closed a \$30 million round. The round was led by its existing institutional investor, Mithril Capital Management, and joined by new investor Norwest Venture Partners as well as angels including Fred Moll, a pioneer in robotics who was also one of Neocis' original backers. All together, Neocis has raised more than \$50 million, said CEO Alon Mozes.

It's been a long road through development, FDA clearance and to commercialization for Neocis, which was co-founded in 2009 by Mozes and Juan Salcedo, both engineers who met while working at Mako Surgical, itself a homegrown success story that has spun out a number of cities in 100 countries.

METHODOLOGY

Pitchbook includes equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, VC firms, corporate venture firms, and corporate investors. Investments received as part of an accelerator program are not included, however, if the accelerator continues to invest in follow-on rounds, those further financings are included. All financings are of companies headquartered in the U.S.

Venture analytics services differ by the way they track venture, including the type of deals included and when the deals are counted. Some don't include angel funding, but Pitchbook does. We chose to use Pitchbook for its inclusiveness and for consistency.

This report used Pitchbook data nearly exclusively for historical data through 2018. In 2019, we used Pitchbook primarily but also included data from CB Insights/PwC MoneyTree report and our own research. That added six Florida deals to the database, including the corporate and private equity rounds for Magic Leap and KnowBe4. Data about Florida and South Florida venture capital results include only companies with their primary headquarters in Florida.

No data set is perfect. Dozens of funding rounds go undisclosed, pass under the radar or are reported erroneously by venture analysis firms. If you believe we've missed something, please email us at insights@emergeamericas.com. We will update the data set as needed in future reports.

eMerge Insights Author: Nancy Dahlberg is a business writer, editor and researcher. Most of Nancy's career was spent with the Miami Herald and her expertise is writing about entrepreneurs. Find her South Florida startup coverage at [RefreshMiami.com/news](https://www.refreshmiami.com/news).

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The John S. and James L. Knight Foundation supports transformational ideas that promote quality journalism, advance media innovation, engage communities and foster the arts. Since 2012, Knight Foundation has invested more than \$30 million in nurturing an entrepreneurial ecosystem by connecting innovators, attracting investments and growing the city's talent base. A founding partner of eMerge Americas, Knight's strategy focuses on building an entrepreneurial ecosystem.



Florida International University is Miami's public research university and in less than five decades has become a top 100 public university, according to U.S. News and World Report's Best Colleges. FIU is focused on student success and research excellence, with nearly \$200 million in annual research expenditures.



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