



Newsletter

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Introduction

June 16, 2017

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Mike Bates
Juan-Antonio Carballo
Bill Loesch
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Ken Arnold
Ed Bierdeman
Brian Frenzel
Randy Fowler
Craig London
Liliana Nordbakk
Mark Putney
Karen Riley

Each summer the Band puts on a party with neither a bride nor groom, nor the need to bring presents. But other than that, our lovely summer lawn dinner looks a lot like a high end wedding celebration, not least because most members bring their significant others. Because the Summer Solstice this year falls on the same day as our monthly Deal Dinner, we will have the Summer Party next month on Thursday, July 13th from 6:00 PM to 9:00 PM at the Woodside vineyard of Band member Craig London. As with prior years, this is a complimentary party just for Band members and their one guest, but to manage the headcount for catering and valet shuttle service, we need to have RSVPs by July 6th in order to attend. RSVPs after that date really put us in a bind, so please RSVP like you would for a wedding! The online RSVP link is (<http://bit.ly/2017summerparty>).

A big thanks to Steve Nasiri for co-chairing the Wearables, Consumer & Semiconductor SiG with Kurt Petersen up to this month's SiG meeting. Steve is stepping down from his co-chair role and if you would like to help Kurt co-lead the SiG activity going forward please email him at (kurt.mems@gmail.com). Thanks too to Paul Twombly for serving on the Screening Committee during the past 18 months as the Communications Chair. The Committee meets on the last Wednesday of the month to evaluate 6 startups and select the 3 companies that present at the Dinner. If you are interested to serve on the Committee, please let Sonja know.

Band member Carol Sands will be teaching two classes at Stanford this summer. One is on early stage tech investing: "BUS 204: Angel Investing for the Serious Investor"; the other is "BUS 234: Field Trips for the Serious Investor". The classes will cover everything from the basics of deal sourcing to the most tricky situations around exits and governance. The second class will visit incubators and other places of interest to angels. View these links for more information on each class (<http://bit.ly/BUS-204>) and (<http://bit.ly/BUS-234>).

Band member Ron Burns, along with several other members, have been testing the Seraf portfolio management platform (www.seraf-investor.com). If there are a minimum of 5 Band members interested in utilizing the service, Seraf has agreed to provide a 70% discounted annual fee (of \$150.00/person) for the Pro Platform. The platform allows participating members to securely and privately add and track all their Band and separate personal angel investments for a total portfolio view and analysis. Band Deal Leads or Class Member Lead "volunteers" can also at any time create new Company and Round data for the benefit of their class. If you are interested to learn more about it, please email Ron (rburns@bandangels.com) and he will send you the information.

- Deal Dinner**
Date: Wednesday, June 21st
Place: Los Altos Golf and Country Club
Time: 6:15 PM - 9:00 PM
- Second Look**
Date: Thursday, June 22nd
Place: The Bentley Reserve San Francisco
Time: 12:00 PM - 3:00 PM

Thanks to Mike Bates for bringing to our attention the MedTech Conference from September 25th to September 27th at the San Jose McEnery Convention Center (150 W San Carlos St, San Jose). The conference fee before July 7th is \$995, less a 15% discount for ACA members (the Band if a Charter Member so you are too via your Band membership) with the code SPO17. To register, visit the conference web site (www.themedtechconference.com).

Our 9th Annual Portfolio Day will be on Wednesday, October 4th from 8:30 AM to 5:30 PM at Wilson Sonsini Goodrich & Rosati (650 Page Mill Road, Palo Alto). Please let Sonja know which of our more than 300 portfolio companies you would like to hear from and we will invite them!

- Ian

Welcome New Member



Jonathan Leong is a serial entrepreneur with over 35 years of experience in multinational dealings, government relations, and public policy forums. His experience includes the management of and investment in companies in the healthcare, consumer products, technology, transportation, and education industries. Mr. Leong has served on 27 boards, including public, private, and non-profit organizations. He is a partner and investment advisor to several multinational funds.

Mr. Leong is the founder and principal of JLA Risk Services with clients ranging from small businesses and large corporations to public entities such as Pacific Gas Transmission (PG&E), City of San Francisco, Bay Area Rapid Transit District (BART), Port of Oakland, and the East Bay Municipal Utility District (EBMUD). Mr. Leong also founded JLA Global Inc., an international trading company and national distributor of various products including health and hair products; dietary supplements; clothing; video games; forklifts. JLA Global initiated activated charcoal sales from Norinco (北方工业) to the U.S. markets. Additionally, Mr. Leong was the President and Chairman of Isys Controls, Inc. (acquired by Cognex (NYSE:CGNX)), Microden, Inc., the exclusive distributor for Hudson Soft Co., Ltd. (JASDAQ: 4822) products in the U.S., and Emerald Bay Resources, which specialized in soil remediation by using “soil washing” technology and specially formulated surfactants and handled environmental clean-up projects in Mexico and Puerto Rico. Mr. Leong served on the board of Digital RF Solutions (acquired by Proxim, Inc.) and was the President of Asia Pacific Petrochemical Company, which facilitated the delivery of liquid natural gas products to China, including the delivery of the largest delivery of propane butane (250,000 liquid metric tons) in the history of China.

Mr. Leong is the founder and chairman of the Asian American Donor Program, an organization that has saved over 450 lives through the recruiting and registration of Asian American bone marrow donors. Mr. Leong is currently on the board of directors of the California Earthquake Authority (appointed by Governor Gray Davis and then appointed by Governor Arnold Schwarzenegger), Asian Inc., Institute of Global Health, and is on the board of directors and/or the advisory board of several privately held companies including iHear, Modulates, Elite Instructors. Mr. Leong is also the owner of several restaurants in the San Francisco Airport, namely, Urban Tortilla and Legends Bar. Mr. Leong was the former Vice Chairman of the National Marrow Donor Program and worked closely with Admiral Elmo Zumwalt, former Chairman of the Asian American Theater Company. He was the founder of the Institute for New California (a public policy think tank) and the Asian Business Association. Mr. Leong was a member of the White House Commission appointed by President Bill Clinton and Caltrans Small Business Advisory Council.

Special Interest Group (SiG) Updates

Accelerators: will meet on Thursday, June 29th at Carr & Ferrell (120 Constitution Dr, Menlo Park) from 3:30 PM to 5:30 PM with Nicola Corzine, Executive Director of the Nasdaq Entrepreneurial Center. For more information, contact Sanjiv Taneja (sanjiv@bandangels.com) and RSVP on the Band’s web site (<http://bit.ly/A-SiG>).

Energy: will have office hours on Tuesday, June 20th and Tuesday, June 27th at Larry Kelly’s office (1060 La Avenida, Mountain View). Additionally, there will be an Energy SiG meeting on July 11th. Please contact Larry Kelly (lkelly@kellyven.com) for more information.

LifeScience/MedTech: will meet on Wednesday, July 19th at Carr & Ferrell (120 Constitution Dr, Menlo Park) from 11:00 AM to 2:00 PM. To nominate companies, please email Craig Pritsky (cpritsky@bandangels.com), as well as Mike Bates (mbates@gmail.com) and Rich Juellis (juellis@sbcglobal.net). RSVP on the web site (<http://bit.ly/LS-SiG>).

Software: will meet on Wednesday, July 12th at Carr & Ferrell (120 Constitution Dr, Menlo Park) from 1:00 PM to 5:00 PM. To nominate companies and to RSVP, please email Ron Weissman (weissman@bandangels.com) and Heather Crawford (heather@bandangels.com). RSVP on the Band’s web site (<http://bit.ly/Software-SiG>).

Wearables, Consumer & Semiconductor: will meet on Monday, July 17th at Carr & Ferrell (120 Constitution Dr, Menlo Park) from 1:00 PM to 5:00 PM. To nominate companies, please email Kurt Petersen (kurt.mems@gmail.com).

JUNE 2017 PROGRAM

The Deal Screening Committee met on May 31st and chose from among the 53 companies under consideration the following deals: **MUZIT**, sponsored by Band member Kathy Lane, identifies, engages and monetizes Big data for the entertainment industry; **LIVWELL**, sponsored by Band member Jonathan Leong, is a SaaS solution for hospital care coordinators and social workers to refer and track non-medical services, resulting in up to 2X improvement in staff efficiency and 30%+ in readmission rates; and **DAYLIGHTED**, sponsored by Band member Jean-Louis Bories, is a subscription to enjoy and discover a curated selection of art on a digital canvas.

MUZIT will be presented by CEO Greg Titus (617-710-4674; gtitus@muzit.com) and is sponsored by Kathy Lane (650-823-5998; kathylane@hotmail.com). Every month, P2P file sharers illegally download more copyrighted media content than is sold on iTunes, Google Play, Amazon and Streaming combined. Efforts by the holders of these copyrights to use this P2P information for anti-piracy purposes has failed. The MUZIT Trace platform offers copyright holders the opportunity to engage and monetize this large untapped database of digital fans who have opted-in to receive information from copyright holders. MUZIT has found a legal way to collect consumer and music entertainment preference data contained in the P2P networks without requiring copyright holder authorization. The TRACE platform has captured over 6 billion entertainment preference records at the rate of 300 events per second. MUZIT aggregates this data and has created unique, proprietary personal profiles for over 100 million households at virtually zero customer acquisition costs.

The TRACE platform dashboard gives the copyright holder the opportunity to analyze information about their fans. Using geo location data, the copyright holder can make informed business decisions for radio programming, touring, marketing, and media spend.

MUZIT works with partners like Ticket Network, Simpli.fi and Experian to give the copyright holders ways to monetize their fans.

- APIs with Ticket Network: Sell concert tickets directly to fans by artist preference.
- DSPs (Simpli.fi/Experian): Ads for tickets, music, merchandise, backstage passes, etc.

The copyright holder can also use the DMCA opt-in feature to engage with their fans, not send some type of anti-piracy notice of a fine or legal action.

MUZIT competes in several multi-billion dollar markets including data, market intelligence, ticket and merchandise sales. MUZIT's go to market strategy is currently underway, with beta customer's Big Machine,

APA and William Morris, testing MUZIT data sets, dashboard and marketing tools. Collectively these firms represent over 800 artists. Kurt Ohlson of Tecademics calls the MUZIT Database "a marketer's dream." Experian has confirmed MUZIT's data is unique and stated that for proprietary music preference data the value is between \$2 and \$5 per thousand records. Based on these numbers our current data base is highly valuable. Nielsen reports P2P Digital Fans spend more than \$422 a year on music, concerts, and artist merchandise. If only 1% of our 100 million digital fans convert, we would be generating revenues of approximately \$400 million. The company is projecting positive cash flow next year and over \$60 million by 2019.

MUZIT's executive team includes Founder/Chairman Tommy Funderburk, CEO Greg Titus, President John Vicidomino, and EVP George Nunes. Titus and Vicidomino are serial entrepreneurs with several successful exits, including CourseAdvisor (acquired by The Washington Post) and Autotegrity (acquired by ADP). Multi-platinum recording artist and label CEO, Funderburk and Label GM for country Superstar Toby Keith, Nunes are respected veterans of the entertainment industry with deep industry relations.

MUZIT has raised \$3.2 million to date via angel investors and Albion Capital. The company is now raising a \$2 million A Round with \$150k committed. Proceeds are for ongoing product development and expanding the engineering and data science teams.

LIVWELL HEALTH (www.livwellhealth.com) will be presented by Alex Go, Co-Founder and CEO (415-215-1304; alex@livwellhealth.com) and is sponsored by Jonathan Leong (jonathan.leong9@gmail.com). LivWell provides a web-based, referral management solution for hospital discharge planners to match patient needs with the right non-medical, social services in real time. Sold to health systems and long term care companies as a private-labeled service management and workflow optimization tool, the company's customers have reported quantified

results of 50% improvement in operational efficiency, 32% reduction in hospital readmissions and, most importantly, 90% patient satisfaction ratings.

There are over 28 million hospital discharges that occur in the US each year, and until recently, hospitals did not have the financial incentives to be held accountable for the quality of referrals made to community-based service providers, until now. Based on new reimbursement models intended to drive the shift from volume- to value-based care, CMS has placed the nation's 5.5K health systems accountable for the care delivered by their service partners, or risk missing valuable performance incentives that impact their bottom line. Due to system limitations with existing electronic medical record systems, hospital staff struggle with poor tools (74% paper-based assessments, fax, excel) and "missing call-backs" which result in higher workloads, increased cost and most importantly, frustrated patients.

Best described as an "OpenTable for Clinicians", LivWell Health's web-based platform enables a shift from paper-based, manual processes into real-time, patient care. Hospital staff can select one or more service providers; enable competition between service providers to improve response time; and get real-time analytics to measure service quality. Hospital administrators justify paying for the product because of its real-time analytics capabilities that benchmark service provider quality and patient satisfaction scores as two key measures that maximize reimbursement levels. Over 40 communities and health systems have purchased the product, including Kaiser Permanente, with planned deployments in another 100 communities over the next year.

The company generates an average ARR of \$40K per medical center, generating a healthy 80% gross margin through the sale of enterprise licenses, plus \$10K in onboarding fees. LivWell has posted \$608K of revenue to date, with licensing revenue growth of 400% from prior year and a 90% customer retention rate. The company is projecting revenue growth of \$2.6M in the coming year and is a prime acquisition target by healthcare IT companies (e.g., Salesforce, Cardinal Health, Advisory Board) seeking to expand into the rapidly growing \$59B post-acute care market segment.

Based on the Salesforce.com platform, the product suite includes unique features that enable customizable workflow automation tools, multi-party referral modules, reimbursement tracking codes and real-time analytics. The company has logged over 20K of development

hours; signed CDW Healthcare, a national reseller serving over 20K healthcare customers; and recently signed development agreements with a leading provider of transportation services and a national supplier of nutritional meal programs. These have enabled the company to win marquee accounts like Kaiser Permanente against competitors like NaviHealth, Healthify and Aunt Bertha.

LivWell Health is led by co-founder Alex Go (CEO, 20+ years in healthcare consulting, sales and marketing; led Intel Health market development) and Len Bargellini (COO, 30+ years in operations and medical device sales). Other team members include Tyler Harris (CTO, lead solution architect of Covered-California's technology platform) and 4 FTEs. LivWell has been featured by AARP as a national Top-10 innovator and was recently recognized in a national competition by the Kresge Foundation for its work in advancing the management of social determinants of health.

Outside of a small Friends-and-Family round in 2014, LivWell opened a priced round of \$750K to hire enterprise sales, fund market awareness, and add new features. Over the last 30 days, the company has received \$300K, including investment from Village Capital.

DAYLIGHTED will be presented by CEO/Cofounder Alex Cammarano (415-583-4940; alex@daylighted.com) and is sponsored by Jean-Louis Bories (jlbories@gmail.com). The company provides a technology that allows anyone to stream artwork from the art communities (artists, art galleries, museums) on any screen. Like most AV company their technology allows a one-to-many content management system, but unlike anyone else they also provide content: art. Screens are everywhere in hotels, offices, restaurants, waiting rooms, but the only content option available is the news-channel on a silent mode or expensive commissioned videos. Our simple subscription allows any venue to use and enjoy curated artwork as easily as they enjoy music.

Daylighted started with a few hotels in San Francisco, and rapidly expanded nationwide. They are now approved by Hyatt, Marriott and Accor, and closed a chain agreement with Hotel RL. They won 2 awards as the Best New Product of the Year in the hospitality industry and were named as one of the 50 thought-leaders and innovators by Lodging Magazine. They recently started expanding to other verticals such as healthcare and corporate offices. Daylighted generated \$200K to date with about a hundred

screens installed, the monthly subscription went up from \$5,000 in January 2017 to \$12,000 in May 2017, and the pipeline includes more than a 1,000+ potential screen installations. The monthly subscription is \$29 to \$490 depending on the curation services that are provided. The quality of the curation relies on their selective portfolio curated by an art team, but also on their technology that suggests the right art for the right time.

Daylighted acquires content from the art community at no cost thanks to their innovative second screen interactions. A mobile application allows the viewers to learn more about the displayed artwork, interact with the artists, and buy reproductions or original artwork. It offers both a distribution platform for the artists/galleries and a source of unlimited curated content to the venue.

The total addressable market including hotels, offices, healthcare, and other hospitality venues represents over

\$20 billion. The company will use direct sales, online marketing, and strategic distribution partnerships with integrators to address that B2B market. Additionally, Daylighted will address the B2C market as a second stage of their development. Daylighted strongly believes in a digital mass consumption of art via subscription, just like music or movies. Via their second screen interactions Daylighted already gathered hundreds of requests for a consumer use of their service. The company is currently running a pilot program with individuals to elaborate a B2C model that they expect to launch in 18 to 24 months.

The team has 5 people including founders Elisabeth Mouchy and Alex Cammarano, CTO Moucef Biaz, art curator Betty Bigas, and sales manager Nicole Baros. Advisors include: former CEO of Art.com Geoffroy Martin, Director at Marriott Ali Merali, gallery owner Joan Mc Loughlin, and Numa CTO Alban Dumouilla.

“SECOND LOOK”

The “Second Look” Lunch will be on Thursday, June 22nd from 12:00 PM to 3:00 PM at The Bentley Reserve (400 Sansome Street, San Francisco). In addition to **Muzit**, **LivWell Health**, and **Daylighted**, we will hear update presentation from Band portfolio company **OtoSense** (April 2016 Dinner), which is raising follow-on funding.

OTOSENSE will be presented by Founder and CEO, Sebastien Christian (sebastien.christian@otosense.com, 857.204.5346) and is sponsored by Band member Joan Plastiras (joanplastiras@gmail.com). OtoSense is a three years old company located in Palo Alto, selling the first platform leveraging a proprietary artificial intelligence and sound processing technology to perform a next-generation machine condition monitoring.

Think about any machine you are familiar with, from your coffee machine to your car to some professional equipment. What is the first sign indicating that this machine is not operating as usual? Most probably sound. Sound is the first indicator of a machine's status and health. And a machine's health is a major concern for machine makers, machine owners and machine users. A good condition monitoring can cut the maintenance cost by 80%, increase the machine life expectancy by 60%, and each percent counts. Condition Monitoring TAM is evaluated at \$100 billion.

Machines are equipped with more and more sensors and processing power, but sound monitoring still relies heavily on humans, technicians and engineers. And there are not enough of these trained and experienced technicians and engineers to take care of all the machines out there. OtoSense solves this problem by deploying the first software platform able to perform real-time sound

recognition and anomaly detection on a low-power edge device, while leveraging a powerful deep learning engine able to learn the behavior of any machine in a matter of hours. The OtoSense deep machine learning engine learns from any machine and maps the sound it makes as experts do. Then, the OtoSense engine interacts with humans, experts and engineers to learn the related language and the underlying logic. Anything learnt by the OtoSense deep learning engine is downloaded by the low-power edges devices, which become able to describe the machine's behavior in real time and in addition identify anomalies.

OtoSense customers are machine makers, as PSA Peugeot Citroen, Ford, Schneider Electric or Airbus. They are machine users, as Unibail or Chubu. They are also go-to-market partner enabling an exponential growth by using OtoSense to build products, as Analog Devices, Tech Mahindra or Mitsui.

OtoSense has hit all the objectives set for the last round: IP secured, solid local team, business model stabilized and replicable, more than 15 paying customers and early recurring revenues. OtoSense is now raising \$4 million to \$6 million to support its growth and reach \$2.5 million revenues in 2018. These funds will be mostly used to hire the existing, committed team full time and onboard account managers.

Recent Presenter Updates

VoiceBase (May 2017 Second Look) received \$500K from their Second Look update. Out of the \$2 million outstanding in the round, there is only \$250K remaining. Contact: CEO Walter Bachtiger (walter@voicebase.com).

Nanotech (May 2017 Dinner) is in the process of closing \$250K+ with a closing date of June 15th. Band members have confirmed \$210K so far. The lead investor of Nanotech's Bridge Round is Life Science Angels, which invested \$340K in mid-April 2017. For more information, contact Band sponsor Mike Bates (mbates@gmail.com).

Kango Rides for Kids (May 2017 Dinner), a unique mobile "Uber for Kids" service that also provides childcare, has received \$120K in commitments from Band members so far, with more decisions pending. The company also just raised another \$100K from an outside investor. Kango has approximately \$100K left in the current \$1.5 million round, which it expects to close this month. If you are interested in investing, final decisions are requested by Friday June 23rd, as Kango is gearing up for Back to School 2017 and a new vehicle partnership over the summer. Please contact Band deal lead Craig Harding (charding@bandangels.com) with your level of interest and/or questions.

Your Fare, Inc. (April 2017 Dinner) solves a very real pain point for restaurant owners by aggregating all the different online ordering companies into one single user-friendly platform. The company has closed \$400K in funding, of which \$220K from Band members, with another \$125K in committed funds from the Band. Your Fare secured a deal with Denny's corporate that has 1,600 locations of which 250 use multiple online ordering companies thus far. It also secured a partnership with sprint to provide 4G LTE enabled devices to restaurant owners. To invest in Your Fare before the closing date of June 23rd or for more information, contact Band member John Litz (johnlitz1@gmail.com).

Cargo Chief (April 2017 Second Look) had its initial close for a bridge loan to fund the sale process for the company. The team has several interested parties already and hopes are high that the company's industry reputation for technology and innovation will generate substantial offers. Contact: Band sponsor Don Lee (don@donlee.com).

RealKey (April 2017 Dinner), since presenting at the Band dinner, has made the following progress: moved the entire development team in-house; filed provisional patents on their business model, algorithms/decision trees, and screen syncing technology nationally and internationally; converted 100% of closed beta users to paying customers for June 30th launch; launched e-mail campaigns to onboard early adopters which has seen over a 10% conversion rate; and received funds from Sand Hill Angels. RealKey is looking to increase their cap from \$5 million to \$7 million after June 30th or when the company receives \$800K in total capital (whichever comes first). Contact Band sponsor and RealKey Advisor Richard Pivnicka (richard@pivnicka.com) if you are interested in investing either directly or via NBK, LLC.

InspecTools (March 2017 Dinner) has engaged 24 Band members in due diligence and expects to close as much as \$500K of the current \$1M raise by July 15th, with the balance to be closed by August 15th. The company is in contract negotiation with the world's leading manufacturer and servicer of utility-scale wind turbines, two leading companies in the solar market, as well as major utilities with large renewable portfolios containing wind and solar assets. A visit to InspecTools' office in La Selva Beach is scheduled on June 21st from for 1:00 PM to 3:00 PM. Contact: Band sponsor Thomas Dittler (thdittler@gmail.com) and InspecTools' CEO Paul Bingaman (Paul.Bingaman@InspecTools.com).

Connect Homes (January 2017 Dinner) closed its Band Investment in April for a total of \$225K from 13 members on a convertible note. Connect Homes has raised about \$1.5 million in total on the note, and the company is in the process of closing out the remaining individuals and groups interested by the end of this month. The last couple of months have shown great progress in the Connect Homes business with April coming in as an early profitable month (+\$35K income). Written reports on Connect Homes will be provided to invested Band members starting from after the close of Q2 2017 (June close, early July report). Contact: Band sponsor Mike Horton (mike.a.horton@me.com).

Kiana Analytics (November 2016 Dinner) extended its convertible note by another \$300K and it was oversubscribed. Investors included existing investors (the Band, Sand Hill Angels, LYVC), as well as new investors (HBS Alumni Angels, The Angels Forum, and others). The company is making great progress with its HP-Aruba integration; it just booked 424 licenses with a large real estate organization which owns hotels, and shopping centers in Argentina; Kiana's project with Department of Homeland Security is going well; and it signed a \$300K project with Panasonic to integrated with their security cameras/VMS. Contact: Band sponsor Jack Guedj (jackpguedj@outlook.com).