



**NASHVILLE
CAPITAL
NETWORK**

Celebrating
TEN YEARS of
CONNECTING
PEOPLE • CAPITAL • IDEAS

**20 ANNUAL
12 REPORT**



NASHVILLE CAPITAL NETWORK

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It has been 10 years since the launch of Nashville Capital Network. In that time, more than 1,700 companies have sought guidance, assistance, and capitalization from our leading network of angel investors. Over the last year, we continued to make great strides in advancing our mission—with numerous companies successfully connecting with startup capital and follow-on financing from investors.

In order to fully understand the investments in entrepreneurship over the last 10 years, NCN and the Nashville Health Care Council partnered to produce a comprehensive report on the local venture capital marketplace. "The Nashville Venture Capital Report 2001-2011" is the first study of the local venture capital market, examining a decade of activity, with special focus on investment in our community's world-class healthcare industry.

The data revealed information that is very encouraging for Nashville's economic future:

- More than \$1.4 billion in venture capital was invested in 215 Nashville-based companies during the decade.
- Nashville has a very active angel investor market with investors participating in numerous early stage financings.
- Private initiatives such as Nashville Capital Network and Nashville Entrepreneur Center, as well as government-led programs such as TNInvestco and INCITE, are impacting the speed at which new businesses are developing.

Nashville possesses a healthy environment for new business growth. Exciting new companies are being founded faster than at any time in the past decade. In 2011 alone, 37 new companies received their first venture capital investment. This underlines one of the strengths of the local ecosystem — an active community of knowledgeable investors willing to support smart entrepreneurs and their good ideas with seed and early stage capital.

However, there is also a challenge facing Nashville entrepreneurs and early stage investors: a widening capital gap in the venture market between the capital available to the earliest ventures and the capital available to growth ventures. Though the data is not yet complete, our review of 2012 transactions shows a decreased level of activity for growth capital, suggesting that some companies are challenged to find their next round of funding.

One of the goals in organizing NCN is to help local entrepreneurs bridge the "funding gap" that exists for early stage ventures. In 2012 alone, five of our companies were able to connect with follow-on financing from national venture capital firms (at increased stock prices). As we head into our next decade, NCN is poised to continue helping local companies bridge the capital gap.

NCN's ability to meet this capital challenge would not be possible without the commitment of our Sponsors, Underwriters, Patrons and Angel Members. Thank you for your support and for helping us maintain this important resource for Nashville.

Thomas C. Wylly II
Chairman

T. Sidney Chambless, Jr.
Executive Director

NCN accelerates the development of early stage companies by nurturing the most promising entrepreneurs and connecting them with knowledgeable, experienced investors.

NCN Staff



Tom Wylly
Chairman



Sid Chambless
Executive Director



Chase Perry
Director



Jenny Hannon
Director of Partnerships



Abby Robinson
Executive Coordinator

ABOUT OUR NETWORK

NCN Angel Group

The NCN Angel Group, Tennessee's leading angel investor group, is a network of 75 private angel investors interested in identifying and supporting promising early stage companies. NCN complements the experience and domain knowledge of the individuals within the group by identifying and screening opportunities, providing industry and competitive analysis, and assisting in deal structuring and due diligence.

NCN Angel Fund

Launched in 2008, NCN Angel Fund I, LP is a \$5.2 million co-investment fund that leverages the experience and domain knowledge of its roster of angel investors to support promising early stage ventures. The Angel Fund is the first of its kind in Tennessee and was built on the track record and success of NCN's Angel Group.

Tennessee Angel Fund

Tennessee Angel Fund is a statewide angel co-investment fund launched as part of the TNInvestco program. Tennessee Angel Fund leverages the experience, expertise and capital of a network of angel investors to grow Tennessee-based early stage companies. The fund is managed by a group of committed investors representing Nashville Capital Network, Chattanooga Renaissance Fund, and other individual investors and angel groups throughout the state.

NCN FUNDED COMPANIES

HEALTH CARE SERVICES

- BreatheAmerica (NCN Angel Group, NCN Angel Fund)
- Medical Direct Club (NCN Angel Group, NCN Angel Fund)
- NeighborMD (NCN Angel Group, TAF)
- PharmMD (NCN Angel Group)
- Silvercare Solutions (NCN Angel Group, NCN Angel Fund, TAF)

HEALTH CARE IT

- Care Team Connect (NCN Angel Group, NCN Angel Fund)
- Complete Holdings Group (NCN Angel Fund, TAF)
- NuScriptRx (TAF)
- onFocus Healthcare (NCN Angel Group, NCN Angel Fund)
- Shareable Ink (NCN Angel Group, NCN Angel Fund, TAF)

MEDICAL DEVICES / EQUIPMENT

- Pathfinder (NCN Angel Group, NCN Angel Fund)

TECHNOLOGY / BUSINESS SERVICES

- Capital Confirmation (NCN Angel Group)
- Consensus Point (NCN Angel Group)
- Edo Interactive (NCN Angel Group, NCN Angel Fund)
- Enliven (NCN Angel Group)
- Horizon Resource Group (NCN Angel Group)
- Inova Payroll (NCN Angel Group, NCN Angel Fund, TAF)
- LiveSchool (NCN Angel Group, TAF)
- Tricycle (NCN Angel Group)

TECHNOLOGY / HARDWARE

- Armor Concepts (NCN Angel Group)
- Smartvue (NCN Angel Group)
- Trackpoint Systems (NCN Angel Group)

MEDIA / INTERNET

- American Hometown Media-Just a Pinch (NCN Angel Group, TAF)

TELECOM

- Continuum (NCN Angel Group, NCN Angel Fund)
- Spirit Broadband (NCN Angel Group)

FORMER HOLDINGS OF ANGEL GROUP MEMBERS

- Documentary Channel (Acquired by Participant Media)
- MyOutdoorTV.com (Acquired by The Outdoor Channel)
- Protein Discovery (Acquired by Expedeon)



COMPLETE HOLDINGS GROUP
workers' compensation revenue solutions

"The network of investors involved in NCN will be a great resource as our growing company markets workers' compensation revenue cycle solutions to the health care industry."

- JIM LACKEY
Complete Holdings Group

2012 NCN HIGHLIGHTS

- NCN was involved in funding two new companies:

COMPLETE HOLDINGS GROUP
workers' compensation revenue solutions

LiveSchool

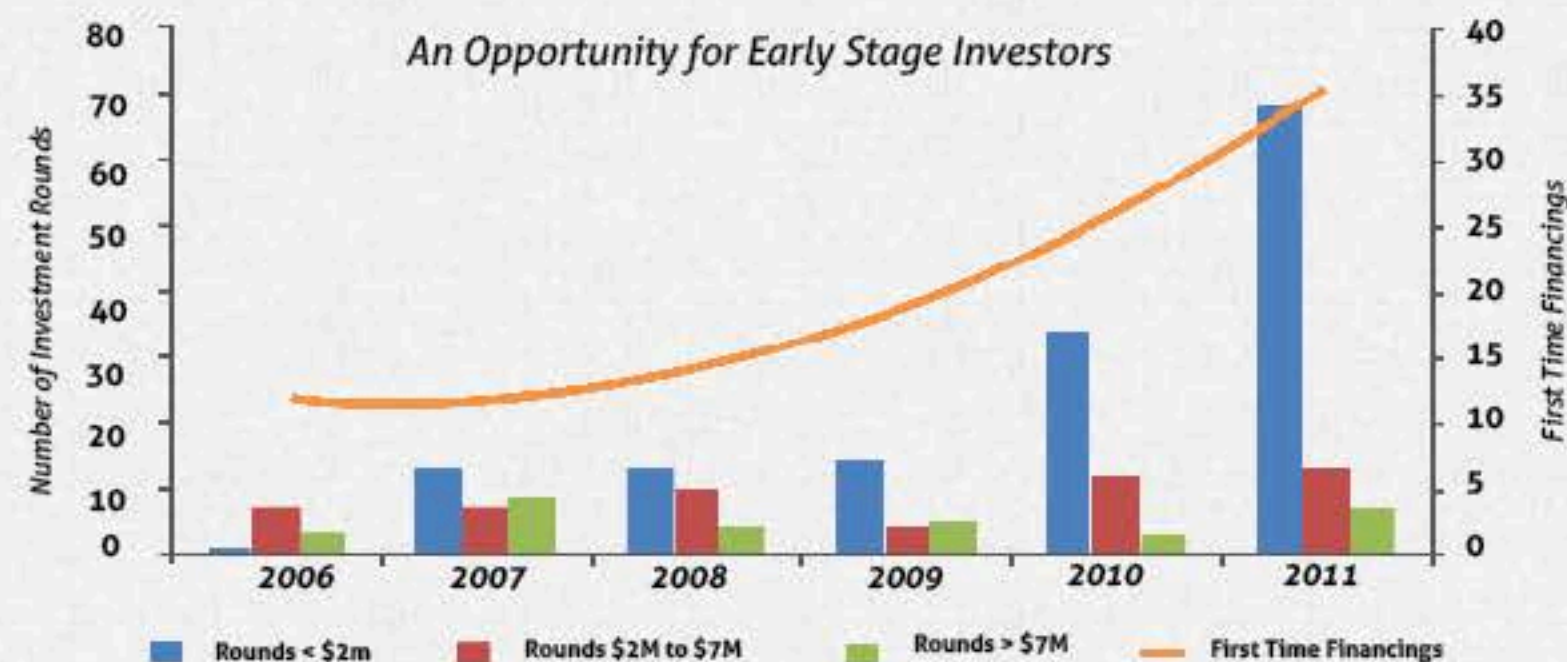
- Five NCN companies attracted investments from venture capital firms during the year including:

- BreatheAmerica (Essex Woodlands-Series B)
- Edo Interactive (Baird Venture Partners, Vantage Point-Series C)
- Medical Direct Club (Fulcrum Equity Partners-Series B)
- Pathfinder (Hatteras Funds-Series B)
- Shareable Ink (Lemhi Ventures-Series B)

- In late 2012, NCN added Jenny Hannon as Director of Partnerships. Jenny is working to strengthen the entrepreneur facing components of NCN and our related partnerships in the community.

- Documentary Channel sold to Participant Media.

- NCN and NHCC partnered to produce a comprehensive report on the local venture capital marketplace. The "Nashville Venture Capital Report" is the first study of the local venture capital market, examining a decade of activity from 2001 through 2011.



With the growing number of seed stage financings in Nashville, having a vibrant and active angel network to bridge the capital gap is more important than ever.



"The findings underscore the strong role our community plays in creating new innovations. Our ongoing support for entrepreneurship and commitment to nurturing young ventures is critical."

- CAROLINE YOUNG
Nashville Health Care Council



Wylly Outlines New Angel Investor Network

by Jack Sines
 Lessons learned from the Nashville Angel Network will be applied to the new Nashville Capital Network, which raised \$145,000 for its \$170,000 budget.

The network, which will bring together early-stage companies and angel investors, is a joint venture of Vanderbilt University, Vanderbilt's Owen Graduate School of Management, the Nashville Health Care Council and Nashville Area Chamber of Commerce.

nashvillepost.com Monday, September 29, 2003

Cover Story

Nashville Capital Network officially launches

Names an executive director
Successor of Nashville Angel Network looking for entrepreneurs and investors

by Laura Drapala

Friday, 9/26/2003 12:35 pm - Investment Banker Tom Wylly formally launched the Nashville Capital Network (NCN) this morning with the announcement that Sid Chambless has been named executive director. Before a crowd of roughly 50 at Vanderbilt's University Club, the recently formed 501(c)3 was presented as the successor organization to the Nashville Angel Network.

The NCN intends to bring promising entrepreneurs in need of early-stage capital together with angel investors. It is a joint venture of Vanderbilt, the Nashville Technology Council, the Nashville Health Care Council and the Nashville Area Chamber of Commerce.

Chambless, 29, is a recent graduate of Vanderbilt's Owen Graduate School of Management. Previously, he was executive vice president of Surfari Inc. [Continue Reading](#)

The original network was started in 2004 as the Technology Funding Alliance and it funded a total of seven companies from hundreds of entrepreneurs.

"The feedback we got was uniformly positive," says Tom Wylly, chairman of the Nashville Capital Network and partner at...

- 2012 STATS:**
- Companies Contacting NCN: 232
 - Business Plan Feedback: 64
 - Outside Advisory Meetings: 11
 - Total Capital Invested by NCN Angels: \$5,137,658
 - Total Capital Invested in NCN Supported Companies: \$41,750,534
 - Companies Receiving New or Follow on Financing: 10

- Since 2003**
- Companies Contacting NCN: 1,688
 - Business Plan Feedback: 437
 - Outside Advisory Meetings: 157
 - Total Capital Invested by NCN Angels: \$36,694,299
 - Total Capital Invested in NCN Supported Companies: \$254,135,397
 - Companies Receiving Financing through NCN Platform: 30

ADVISORY BOARD AND DIRECTORS

- | | | |
|---|--|---|
| TOM WYLLY (CHAIRMAN)
Brentwood Capital Advisors | PAGE DAVIDSON
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Harbert Management Corporation | STEVE WOOD
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| JOE COOK III
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Nashville Health Care Council |
| | JIM KEVER
Voyent Partners | * 2013 Additions |

NCN: Celebrating 10 Years

