

State agencies propose venture capital center

Public-private initiative would be operated outside state government

By Joe Vanden Plas • 12/13/06

Madison, Wis. - In an attempt to measurably increase the amount of capital available to Wisconsin companies, the state [Department of Financial Institutions](#) and the [Department of Commerce](#), are proposing the creation of a Venture Capital Center.

Lorrie Keating Heinemann, secretary of DPI, said the objective is to encourage institutional investors to place a percentage of their funds and perhaps become limited partners in regional venture capital firms, or invest in companies in industries that represent Wisconsin economic strengths.

Particular focus will be placed in the bio-based industries such as ethanol and clean technologies such as wind and solar power, plus biotechnology businesses involved in stem cell research.

"It only makes sense that those companies have access to capital and that they also have an exit strategy, either a strategic buy out or another round of financing, or an IPO," Keating Heinemann said.

Keating Heinemann hopes to have funding for the center in the state's next biennial budget, which will be deliberated during the first six months of 2007. Under the program being developed, the center's funding would come from a combination of state and private-sector funding, plus support from foundations, endowments, and healthcare institutions.

The DFI and Commerce have been working together on the proposal, which is based on a collaborative model established by [BioEnterprise](#), a Cleveland, Ohio-based developer of bioscience businesses.

Private focus

While the two state agencies are partnering, Keating Heinemann said they have found that by working with the private sector, essentially taking the center outside of state government, more focus is placed on the effort. She cited the [Wisconsin Technology Council's](#) operation of the [Wisconsin Angel Network](#) as an example of a successful public-private sector initiative.

Trevor D'Souza, managing director of Milwaukee-based private equity firm [Mason](#)

[Wells](#), said the idea of a venture capital center makes sense. "This model is working well in other states like Ohio, and should work here, too," he stated.

Keating Heinemann believes the venture capital center can build on Act 255, the state's angel investment and venture capital tax credit program. She said the state will continue to focus on angel and seed capital, but now the idea is to concentrate more on connecting strategic investors, whether they be corporate or venture capitalists, to state companies.

"This is a focus on the equity stream," she said, "and we want to focus on connecting entrepreneurs to management talent and capital."