

PACIFIC NORTHWEST

Capital Scan

PREVIEW

Understanding the regional investment landscape



A first step to community-first investing is understanding the regional investment landscape

Ever consider what a map of the regional investment ecosystem in the Pacific Northwest would show us? Wonder who is supplying capital to entrepreneurs and communities across this region? In what form? Or perhaps, more significantly for equitable development, where is it missing?



Answers to these questions are critical for Canopy, a regional investment collaborative, and the broader investment community in the region, to advance economic development in the Pacific Northwest. To this end, Canopy has partnered with the University of Oregon's Business Innovation Institute (BII) and the Threshold Group to collect – then analyze – data on the regional investment landscape. Our findings will be documented in the Pacific Northwest Capital Scan – a first-of-its-kind report scheduled to be released in February 2016.

While the globalization of markets has dispersed investments around the world, Canopy wants to bring capital back home to strengthen local communities

The Pacific Northwest Capital Scan will assist Canopy, our members and other regional stakeholders in becoming more strategic, coordinated, and collaborative in place-based investing by identifying investment opportunities, capital flows, and capital gaps in our regional economy. The findings will not only be documented in a written report; Canopy is also utilizing visualization technology to transpose complex investment data into an online map – allowing investors to search and analyze investment opportunities aligned

with their unique objectives. This map will be displayed publicly on Canopy's [website](#).

The Pacific Northwest Capital Scan and corresponding online map is being developed for three primary audiences, each with the power to measurably move the needle on regional economic development. First and foremost, this information will be useful to capital providers – including governments, foundations, institutions, corporations, endowments and individuals – that aspire to invest within the region. Second, the analysis is intended to support entrepreneurs who hope to start, build or grow enterprises in the region and access patient, mission-aligned capital. Finally, the information will be a valuable

Who Benefits from the Pacific Northwest Capital Scan



Capital Providers	Entrepreneurs	Policy Makers
		
Data to guide investors who support local economies	Guidance to attract mission-aligned capital	Insight to spur growth in areas of strategic value.

“ A new tool that tracks the amounts, providers and recipients of various types of capital ”

tool for policy-makers hoping to spur growth and investment in promising, yet under-resourced segments of our regional economy.

The Pacific Northwest Capital Scan will highlight the diverse investment activities and tools at work in the regional economy

Since capital accessibility can limit the rate of new company formation and growth – ultimately slowing job growth and limiting overall regional economic health – understanding and solving problems related to capital flows is key to building a more resilient economy. Easy in theory, but difficult in practice. The data is messy, it’s hard to use, and it’s even harder to apply in the context of complex global capital markets. This is exactly the problem that Canopy and the researchers at the University of Oregon’s Business Innovation Institute are trying to solve.

Canopy’s approach uniquely addresses this challenge. Data for the Pacific Northwest Capital Scan is being collected from a variety of public and private sources. The report and online map will track the amounts, providers and recipients of various forms of investment capital within accelerators and incubators, crowdfunding, seed funding and angel investment, commercialization grant programs, tax credits, loan programs, venture capital, private equity, mergers and acquisitions (M&A), initial public offerings (IPOs), and so on. The geographic focus of

the capital scan includes Alaska, Washington, Oregon, Idaho, Montana, Wyoming, northern California and British Columbia.

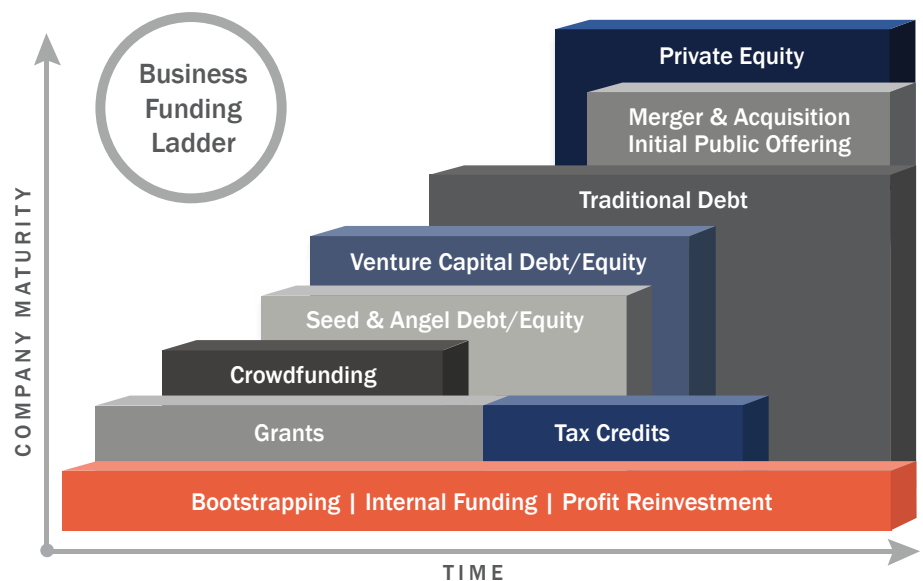
An updated Pacific Northwest Capital Scan is key to deploying capital in a smart and coordinated manner, and incentivizing new capital formation opportunities

Our region is as unique as the investment strategies within it. While it’s true that many institutional investors are familiar with traditional asset classes – such as public equities, fixed income, and alternative investments – very few have that same robust knowledge of community-oriented investment strategies. While well intentioned, investors often literally send money around the world several times before considering investments close to home. Because Bloomberg terminals and

Morningstar databases don’t track local investment activity, very few local investments appear within the large investment portfolios based in our region (think pensions, foundations, government funds, and so on). This irony fuels our research.

Without access to the right kinds of capital, businesses and entrepreneurs have to find creative ways to launch and finance their business. And many times they unnecessarily fail. Failing businesses means consequences for the regional economy in terms of lost jobs and resources.

Part of the solution to this problem may be as easy as helping investors better understand what is known as the “capital stack” or “business funding ladder”, or simply the breakdown of the types of capital that entrepreneurs need at different stages of business start-up and growth cycles. For example, in early stages of maturity, businesses are generally looking for grant capital, micro-loans and even seed or angel investments to cover start-up and operating costs. That shifts significantly as a business grows; later on they may need traditional debt and



Adapted from the Oregon Capital Scan Report. University of Oregon. 2014.

Get on the map: Take our survey



At Canopy, we believe technology can play a critical role in economic development here in the Pacific Northwest. By disseminating information on investment opportunities, capital gaps, overlapping stakeholder priorities, and economic trends, we seek to drive capital back to where it's needed most – our local communities. Ultimately, our goal for this map is to enhance coordination among stakeholders, identify new partnership opportunities, increase transparency, and create a generative climate for new policies that will spur investments in our regional economy.

To supplement the data collected by the University of Oregon, we've developed a short survey to gather data directly from regional stakeholders. The more organizations that contribute, the more useful the visualization tool becomes. We hope you will support this effort by [filling out our 10-minute survey](#). Doing so will ensure your organization is featured on the map.

Connecting capital with opportunity



threshold
GROUP

private equity financing in order to scale. Along the way, businesses are also looking to recruit talent, enter into strategic partnerships, find mentors, and locate other educational resources that may help them navigate the complex funding environment.

A robust investment ecosystem supplies capital and information at all rungs on the funding ladder, thus enabling businesses to efficiently scale. Canopy, through the Pacific Northwest Capital Scan, is hoping to ensure we create this environment here in the Pacific Northwest, and strategically address any gaps or bottlenecks in the system.

Capital gaps could be indicative of systemic regional issues so we are developing a more coordinated, transparent and collaborative investment process

Last year, the University of Oregon's Business Innovation Institute completed similar research focused on the capital ecosystem in the State of Oregon. While Oregon is unique in many ways, we expect these research findings to be representative of the broader Pacific Northwest regional ecosystem.

More broadly, the venture capital and private equity industries in the Pacific Northwest have room to be developed. The Pacific Northwest has seen a shortage of investment in certain sectors and lower transaction volumes than other parts of the country. There are fewer resident venture capital/private equity funds in the region, resulting in a lot of investment capital currently coming from outside the region, primarily from California.

We also expect to find a continued disconnect between entrepreneurs and investors. While there are many

Some of the capital gaps we expect will surface in the Pacific Northwest Capital Scan include

- 1 Seed stage investments
- 2 Growth capital for bootstrapped businesses
- 3 Investments in clean technology
- 4 Investments in life sciences
- 5 Supply of growth and turnaround capital
- 6 Supply of working capital for small manufacturers
- 7 Micro lending
- 8 Non-bank loan capital

incubators and accelerators operating in the region, these groups need to be more coordinated so knowledge can be pooled and access is easier for entrepreneurs. Finding ways for incubators and accelerators to collaborate and plug into the rest of the investment ecosystem is key for regional economic development.

The Pacific Northwest Capital Scan will be published in early 2016 – stay tuned.

Look for key findings from Canopy, University of Oregon and our other partners. Please reach out to info@investcanopy.com with any questions or ideas related to this research. Together we can build this great place.