DAC Global Bridge 2023

Investment Series #2: U.S. Government Funds New S. Korea Collaborations to Advance Indo-Pacific Vision

INNOVATION = Digitization + Automation + Cross Industry Collaboration

The first issue in Fortune Korea's two-part investment series provided background on the Biden Administration's efforts to revive and accelerate U.S. market growth across a variety of industries, including biotechnology and manufacturing. On-going policy changes and government initiatives have continued to reveal highly strategic avenues for U.S. market penetration and expansion that S. Korean innovators can capitalize on.

Source: Canva

Part one focused on increased investments between S. Korea and U.S. states such as Massachusetts, Florida, Virginia, Texas, and Louisiana, which can provide S. Korean innovators with potential funding opportunities. The second part will continue analyzing government funding and policy news in additional U.S. geographies, including Arizona, Indiana, and Georgia - three states at different stages of the collaboration process.

The previous edition also featured interviews with three private biotechnology investors, while issue two will include insights from two private investors in alternative industry segments such as FemTech, deep technology, e-commerce, and more.

As U.S. federal and state level governments continue to make progress in strengthening ties with the S. Korean market, they are increasing demand for private industry investors to seek out innovative S. Korean technology.

The goal of this two-part series is to help S. Korean innovators navigate the current wave of momentum to find more opportunities to collaborate with and secure funding from U.S. ecosystem players.

What progress has been made between the U.S. / S. Korea since the last issue?

Making History - Largest Economic Development Deal Offered by a U.S. State to a Single Automotive Plant

Several states, including Indiana and Georgia, have recently made investments with S. Korean companies. Georgia and Indiana are seeking to **strengthen their position in the growing electric vehicle and battery market while also capitalizing on tax incentives.**

The U.S. Inflation Reduction Act mandates that electric vehicles be manufactured in North America, and a specific percentage of their battery components must originate from North America or a U.S. free trade partner to be eligible for the full $7,500 EV tax credit.

Georgia is set to give the Hyundai Motor Group a projected $2.1B in incentives and taxes. The agreement requires both the Hyundai and battery maker LG Energy Solution to invest $7.6B in the new plant with the goal of hiring 8,500 workers by 2031.

Chung Eui-Sun Executive Chairman of Hyundai Motor Group, Georgia Governor Brian Kemp, and Jose Munoz, President and COO of Hyundai Toast to the Future
Source: Arkansas Online

The state will also invest additional funding into preparation of the facility, including an estimated additional:

- $2.75M in construction, machinery and equipment
- $112M to buy and prepare 2,913 acres of land for the plant
- $175M on water and sewer facilities.
- $210M on road construction and improvement
- $153M to recruit and train workers

The deal is historic - not just for Georgia but for the nation as a whole. The subsidy package promised to the Hyundai plant is the largest ever offered by a U.S. state to a single automotive plant. **The deal exemplifies the impressive progress made in collaboration between the U.S. and S. Korea in recent years, and is also a positive indication for continued future progress, both at the state and national level.**

What does this mean for S. Korean companies? How does this type of relationship come to fruition?

S. Korean AMR Developer Creates Mutually Beneficial Value Proposition for U.S.-Based System Integrator to Capitalize on Global Momentum

To improve their chances of securing partnerships and investments from the U.S., S. Korean innovators can create mutually beneficial proposals for expanding into both markets.

Along with highlighting the value of their products or services, S. Korean companies should **strategically use the current momentum in the relationship between the two nations to position themselves as a key resource for U.S. partners looking to expand into S. Korea.**

While many American businesses express interest in expanding their operations into S. Korea, they often encounter challenges related to their limited local knowledge and connections.

By effectively tapping into their local network in S. Korea, developers can craft a compelling strategic value proposition that brings advantages to both parties involved. This approach enables developers to cultivate their own network in the U.S. through strategic partnerships, while simultaneously aiding their partners in establishing connections within the S. Korean market.

One S. Korean business that has embraced this strategy is THIRA ROBOTICS, a trailblazer in the field of second-generation autonomous mobile robots (AMR). Following their official launch in the U.S. at the outset of 2023, THIRA ROBOTICS exhibited at the Automate show, with the primary objective of expanding their U.S. ecosystem partners.

THIRA Robotics Second-Generation AMR Product Line Up

Source: THIRA Robotics

During the conference, THIRA ROBOTICS engaged in discussions with DISHER, a prominent system integrator (SI) with a strong U.S. ecosystem of partners, to explore potential partnership opportunities in the U.S. market. To enhance the value proposition for DISHER, THIRA ROBOTICS facilitated connections between the SI and their extensive network of S. Korean government entities, investment firms, and industry associations.

Subsequently, after formalizing a memorandum of understanding (MOU) with DISHER for the local U.S. market, key members of the DISHER leadership team traveled to S. Korea to explore additional avenues for global collaboration.

From October 18th to 19th, DISHER actively participated in the KOTRA event, where THIRA ROBOTICS orchestrated introductions and connected the SI with the Robot Industry Association within S. Korea. DISHER successfully signed another MOU with a significant player within the S. Korean ecosystem.

This well-executed formula has created mutually beneficial opportunities for partners in both markets. THIRA ROBOTICS is actively supporting DISHER in their expansion efforts within S. Korea, while the SI is reciprocating by linking THIRA ROBOTICS with their well-established American network, ultimately optimizing the outcomes of this partnership on a global scale.

How can S. Korean innovators generate similar results?

Tracking growing relations between S. Korea and the U.S., both nationally and at the state level, continues to be important to capitalize on real-time demand across industries in local markets.

To support S. Korean innovators in navigating these on-going changes, recent U.S. market updates pertaining to S. Korea are featured below.

National and State-Level Government Entities Continue to Strengthen Ties with S. Korea

Deputy Secretary of U.S. Commerce Calls U.S.-Korea Partnership a "Linchpin" of the U.S.'s Indo-Pacific Vision

In September, Deputy Secretary of U.S. Commerce, Don Graves visited Seoul to continue leading a 15-company U.S. Cybersecurity Business Development delegation. Graves met with several senior S. Korean government officials, private sector, and industry association leaders in efforts to **deepen two-way commerce, trade, and investment.**

Graves spoke at the U.S.-Korea Technology Cooperation Forum, reconfirming the Department of Commerce's continued focus on strengthening U.S. and S. Korean business relations. Special focus was placed on forming partnerships in vital and emerging technologies, which are poised to significantly impact both economies.

In his remarks, Graves stated, "The United States, under its Indo-Pacific Strategy, is undertaking unprecedented bilateral, plurilateral, and multilateral efforts with our allies to realize the vision of an Indo-Pacific that is, to quote the President Biden, 'open, connected, prosperous, resilient, and secure.' **And the U.S.-Korea economic, commercial, and technology partnership is a linchpin of these efforts."**

During the event, MOUs were signed between S. Korean institutions and American organizations including Yale University and MassRobotics.

Arizona Governor Discusses State-Country Collaborations with S. Korean Leadership

Another state that recently opened a Korea-based office is Arizona. In March, Governor Katie Hobbs announced the opening of Arizona's new trade and investment office in Seoul. During her September visit, Hobbs hosted 150 Korean business leaders and trade organizations to further discussions around economic collaborations. High-tech sectors were the focus of conversation, including batteries and semiconductors.

Hobbs emphasized her dedication to fostering partnerships with businesses located in Gyeonggi province, including companies like Samsung, LG Energy Solution, and Amkor. Notably, LG Energy Solution recently injected a $5.5B investment into Queen Creek, AZ.

Indiana Senator Travels Back to Seoul to Continue Building Momentum Following the Camp David Summit

Following the launch of the Indiana Economic Development Corporation (IEDC) office in Seoul, Indiana state Senator Todd Young traveled back to continue his efforts to strengthen ties between the U.S. and S. Korea.

During his trip, he met with President Yoon Suk Yeol to discuss U.S.-Korea relations, mutual security and economic strategies, and the increasing momentum of the Camp David Summit with Japan. Young emphasized the importance of maintaining an active and strong U.S.-Korea alliance. He also engaged with S. Korean Trade Minister Dukgeun Ahn and other government and business officials to discuss Korean investment in Indiana and shared economic interests.

Additionally, Young received updates from senior leaders of United States Forces Korea regarding regional security and stability efforts, pledging to work with Congress to deepen U.S.-Korea economic and security cooperation in the Indo-Pacific region.

U.S. Senator Todd Young with South Korea President Yoon Suk Yeol

Source: U.S. Senator Todd Young

Indiana is seeking to continue growing the number of S. Korean startups and established businesses in the following areas: semiconductor fabrication and design, ag biosciences, electric vehicles, industry 4.0, and life sciences. Currently, 14 S. Korean businesses have expanded to Indiana, including Jaewon Industrial.

The IEDC has committed an investment of up to $2M in the form of incentive-based tax credits, up to $500,000 in training grants, and up to $500,000 in Manufacturing Readiness Grants in efforts to grow Indiana's battery and electric vehicle ecosystem. The tax credits are performance-based, with eligibility to claim incentives given as workers are hired.

Manufacturing Readiness Grants provide support to **manufacturers looking to make capital investments in smart manufacturing** within their Indiana facilities, including collaborative robots (cobots), the Industrial Internet of Things (IIoT), and more.

Technology developers seeking to secure U.S. funding can consider expanding their efforts to Indiana's ecosystem, starting with engaging with key potential partners that have recently expanded to the market from S. Korea.

Opportunities between both markets are constantly growing, and S. Korean innovators can take advantage of the strong synergy between both nations to create value for U.S. investment firms and other ecosystem players.

Now that readers have a better understanding of the U.S. government's key funding trends, strategies will be analyzed from the perspective of private investors. To support readers in achieving similar success, Fortune Korea interviewed two leading investors across differing, but rapidly expanding industries: Technology and FemTech.

Image source: Canva

Insights for Technology Innovators Across Categories: Interview with Karthee Madasamy

Karthee Madasamy, Founding and Managing Partner at MFV Partners

Source: karthee.vc

Karthee Madasamy is an early-stage technology investor in the U.S., India, Israel, and Southeast Asia. Since 2018, Madasamy has served as the Founder and Managing Partner of MFV Partners, an early-stage deep tech venture fund based in the San Francisco Bay area.

He is highly experienced in leading investments in various technology sectors such as mobile video, mobile internet, e-commerce, cloud computing, data analytics, semiconductor technology, biometric identification systems, multi-mode user interfaces, consumer electronics, and mobile social media platforms.

Past successful investments Madasamy has led include Waze (acquired by Google) and Validity Sensors (acquired by Synaptics). Present investments also include:

- Analog Inference: produces a line of AI inference accelerators using novel analog in-memory compute technology.
- SUN Mobility: a leading provider of universal energy infrastructures and services to accelerate mass electric vehicle usage.
- PsiQuantum: a computer hardware manufacturer on a mission to build the world's first useful quantum computer.
- Rescale: a high-performance computing cloud simulation platform that helps engineers and scientists build, compute, analyze, and scale simulations.
- BoostUp.ai: solution provider of the RevOps platform for forecasting & pipeline management, deal and account execution, and activity and frontline performance.
- Agility Robotics: innovator of Digit, the first human-centric, multi-purpose robot made for logistics work.
- Ati Motors: developer of the Sherpa Line of next-generation AMR employing Natural Navigation using 3D LiDAR and camera vision.
- Akridata: an end-to-end suite of products that support both the smart ingestion and smart exploration of visual data.

Outside of his experience as an investor, Madasamy is a member of entrepreneurial and professional networks across Silicon Valley, Southern California, India, Israel, and Southeast Asia. Madasamy's operational experience includes running engineering organizations and product marketing roles in multiple startups.

Madasamy was interviewed by Fortune Korea to guide Korean innovators in obtaining U.S. funding for technological advancements across categories.

GROUNDBREAKING SOLUTIONS ARE ON THE VERGE OF MARKET COMMERCIALIZATION

Suzy: Can you describe your experience in the U.S. investment sphere? What does the scope of the role look like at MFV Partners?

At MFV Partners, we have extensive experience in the U.S. investment sphere, particularly in the realm of deep tech companies that are disrupting traditional markets such as automotive, transportation, industrial, manufacturing & knowledge services.

In today's rapidly changing landscape, we recognize that addressing the biggest challenges facing industries and society requires more than just pinpointing efficiencies and relying on software alone.

Our focus lies in engineering-led innovations across various deep tech areas such as robotics, quantum computing, the hardware behind AI computing, and climate tech. We firmly believe that these novel technologies hold the key to driving positive impacts on our planet while also presenting lucrative business opportunities.

Gone are the days when deep tech innovations were confined to science fiction or research experiments. Many groundbreaking solutions in these areas are now on the verge of commercialization and are set to revolutionize trillion-dollar industries. This presents us with opportunities to disrupt traditional ecosystems, create immense value over the coming decades, and ultimately leave a positive mark on the world.

We also believe that early-stage investing (Series A and sometimes even pre-series A) is the ideal time to provide capital to these companies, and the majority of our investment comes at this stage in these companies' lifecycles.

FOCUS ON SOLUTIONS THAT DISRUPT VERTICALS WHILE SOLVING CRITICAL CHALLENGES

Suzy: What specific industries does MFV Partners work with?

MFV Partners is an early-stage venture capital firm based in San Francisco, exclusively investing in deep tech that is transforming industries and the planet. We only back visionary deep tech entrepreneurs developing products and **solutions that not only disrupt verticals but solve some of the world's biggest problems in the process.**

To date, MFV has invested across 15 startups and supported teams shaping the future of critical industries such as transportation, manufacturing, climate, and more.

From labor shortages and supply chain disruptions to global chip dependency and the race to address the climate crisis, deep tech companies are becoming increasingly critical in solving the biggest challenges facing industries and society.

There is no regional deep tech. Good deep tech companies can and will sell globally. Our bar for investment and focus areas remain the same for international geographies.

TRENDS SHAPING THE CURRENT INVESTMENT CLIMATE

Suzy: Are there any specific types of Korean innovations you are interested in exploring? What trends are you seeing in the investment sphere right now?

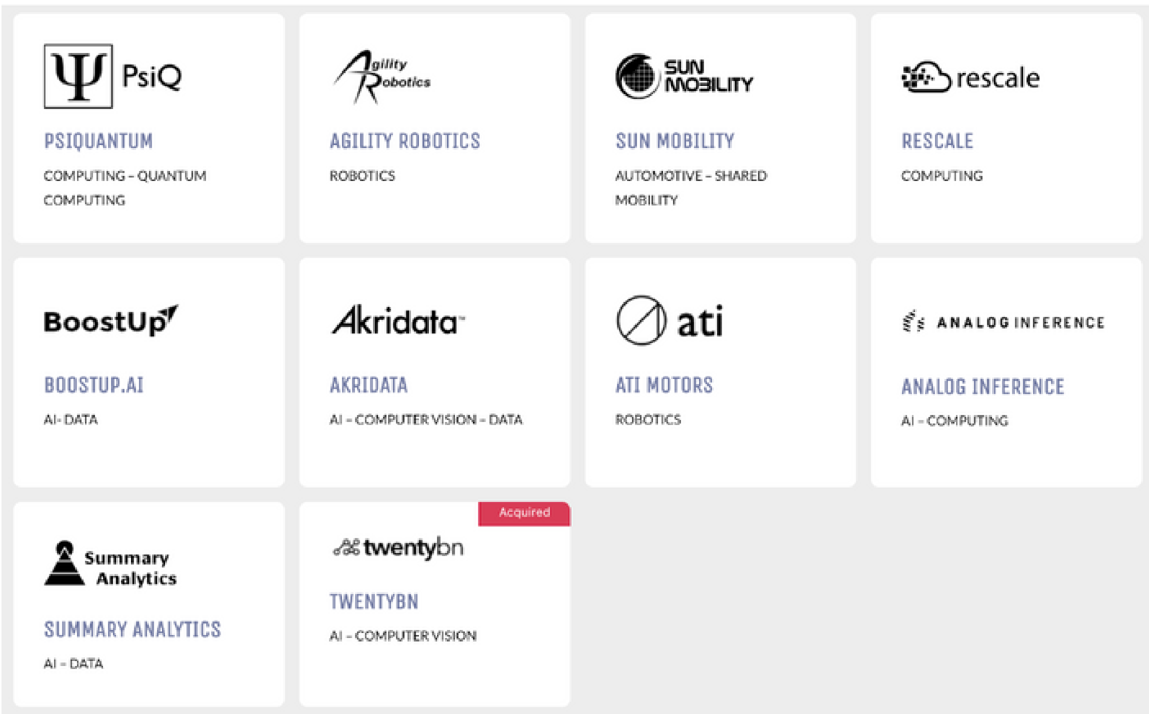
We have looked at a few semiconductor, automotive, and telecom opportunities coming out of Korea.

Clearly, the overall VC investment market is choppy, to say the least. As we closed 2022 with the low-interest, cheap money days in the rearview, we were greeted in 1H of this year with the SVB (Silicon Valley Bank) implosion. However, investment is still available to deep tech startups that can demonstrate current demand and are realistic about their valuations. As it becomes increasingly difficult to realize big exits in the years ahead, the technologies within deep tech that are transforming entire industries offer some of the only paths to 10x exits.

In fact, there are a few deep tech areas where we see significant opportunities still. The first, and perhaps the biggest, is at the intersection of climate and deep tech. Climate tech seed deals still grew 34% in 1H 2023 vs. 1H 2022, according to Climate Tech VC.

There is still a regulatory wave to ride for startups in this space, with bills such as the Inflation Reduction Act recently passed and a continued public focus on addressing the climate crisis now.

For instance, the looming water crisis affecting almost a quarter of the world's population is a clear example of the urgent need for such innovations. Humans have been the leading cause of water waste, with irrigation systems alone accounting for 8 billion gallons of water used daily for outdoor landscaping – a quantity more significant than that used for showering and washing clothes combined. This alarming rate of water waste across various commercial sectors, including agriculture, manufacturing, and energy industries, clearly indicates the dire need for technological innovations that promote precision watering to conserve water supplies – and the reason for my firm's recent investment in Irrigreen.



MFV Partner's Current Portfolio Features Technology Across a Variety of Indications

Source: MFV Partners

FemTech Investment Sphere Insights: Interview with Jennifer Fried

Jennifer Fried, CEO and Co-Founder of Flow Medical, General Partner of Everywhere Ventures (The Fund), and Venture Partner and Lead Investor of Portfolia

Jennifer Fried is a healthcare entrepreneur and investor. She serves as a Venture Partner and Lead Investor for Portfolia, the most active investment firm in women's health, active aging, POC and sustainability-focussed businesses.

Portfolia is one of the world's most powerful networks of female investors, featuring more than 1,000. Across 14 women-focused funds, Portfolia has led over 150+ investments from start-ups to rapidly growing brands such as Madison Reed, Everly Health, Willow Breast Pumps, GrubHub, and Maven Clinic.

Fried is also a General Partner of Everywhere Ventures (The Fund), a fund backed by 500 founders and operators with over $50M deployed into 250+ portfolio companies. The venture recently expanded in April 2023 with a new $25M fund to invest in pre-seed rounds across the globe.

In August 2023, Fried co-founded Flow Medical, a start-up developing a multi-function catheter to help diagnose and treat venous thromboembolic disease. Currently serving as the CEO, Fried is leading the team's efforts to solve critical healthcare gaps for the 900,000 Americans who experience a pulmonary embolism annually.

NAVIGATING THE INTERSECTION OF HEALTHCARE INNOVATION AND INVESTMENT

Suzy: What is your experience in the U.S. market? How do your roles differ across the companies you work with, including Flow Medical, The Fund, and Portfolia?

I've spent my career building early-state healthcare companies as an investor, founder and operator in the U.S.. My experience is split between health tech and medtech - both with their own unique complexities and challenges!

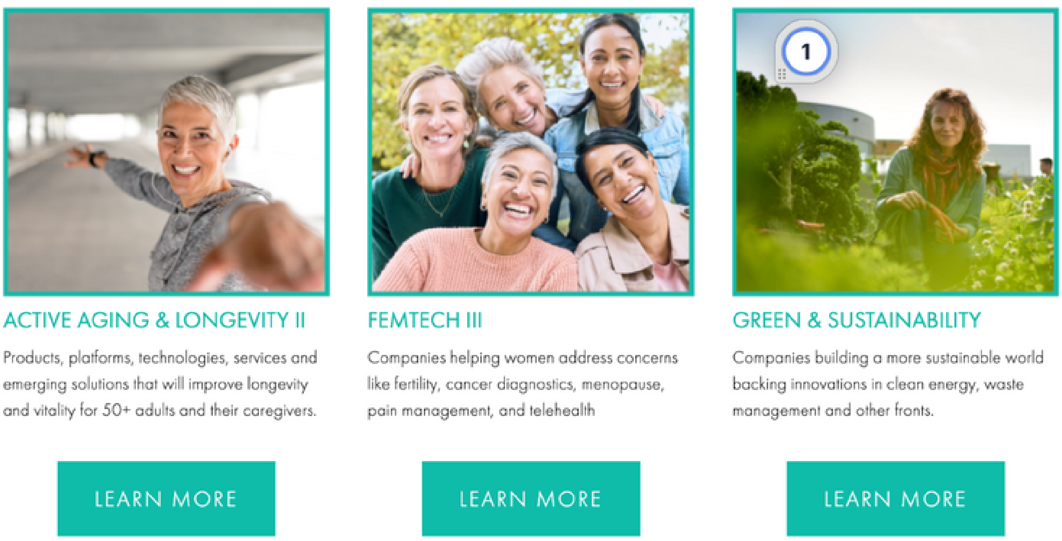
My full-time role is as CEO and Co-Founder of Flow Medical, a startup company developing a novel thrombolytic catheter to treat pulmonary embolism. I also invest part-time for two different venture capital vehicles directly on behalf of my family.

At The Fund Midwest, we write very early checks into pre-seed companies located in the Midwest geography, and I focus on healthcare investments. At Portfolia, we invest across stages but invest exclusively in women's healthcare companies.

ONE OF THE MOST ACTIVE INVESTMENT FIRMS IN FEMTECH

Suzy: Can you expand on the areas of focus for each investment firm you're associated with?

The Fund Midwest (also known as Everywhere Ventures) is a first-check investor focused on pre-seed investments into companies geographically based in the U.S. Midwest. We invest across industries, but I personally spend most of my time on healthcare companies. Our fund is made up of 4 GPs who all have experience as founders and our LPs are all also founders based in the Midwest.

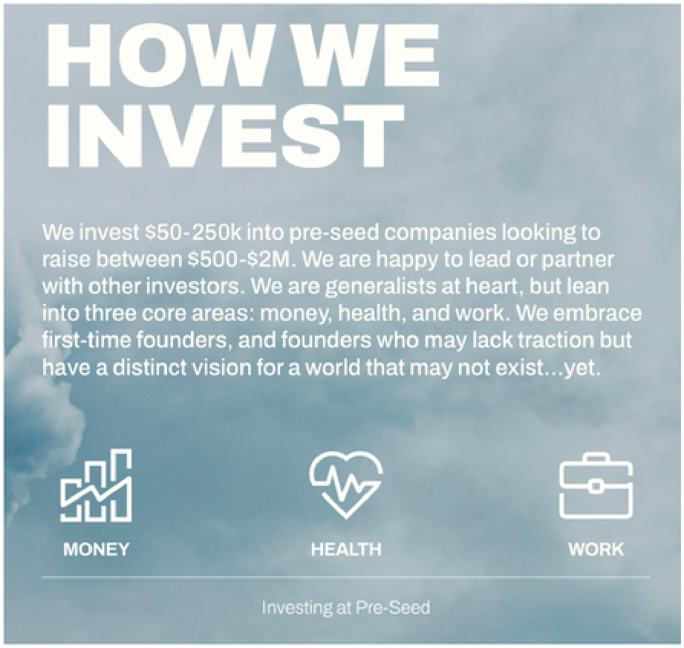


Current Portfolia Funds Include Active Aging & Longevity, FemTech, and Green & Sustainability

Source: Portfolia

There are a number of other funds focused on other geographies across the U.S. and globally! The Fund has some global opportunities that Korean companies can explore at everywhere.vc.

Portfolia similarly has a number of different investing vehicles, but instead of focusing by geography each fund focuses on a particular industry vertical. I invest exclusively for the FemTech fund, where we invest across stages into women's healthcare companies. **We are now investing out of our 3rd FemTech fund and have invested in over forty women's healthcare companies, making us one of the most active investors in the space.**



The Fund Midwest Invests $50-250K in First-Time Founders and Founders Lacking Traction

Source: everywhere.vc

While we are a relatively small check (averaging $250K-$750K per investment), we like to punch above our weight class in terms of what we offer to entrepreneurs. Our LP base is predominantly made up of women, many of whom are active executives or clinicians in the women's healthcare space, and we involve our LPs in the sourcing and due diligence process. We will also on occasion raise SPVs for LPs to invest additional amounts into certain companies, investing several million dollars into the company in total.

ANNUAL VENTURE INVESTMENT IN FEMTECH TRIPLES AS DEMAND FOR INNOVATIONS IN UNDERSERVED SEGMENTS PERSISTS

Suzy: How have you seen the FemTech sphere transform over the past 5 years? Are there any key areas of need that the U.S. is shifting priorities toward?

The space has exploded! When I started investing in women's healthcare in 2018, it took us much longer to deploy our fund because there were not as many companies innovating in the space. **Now, our inboxes are exploding with inbound deal flow and we have seen annual venture investment into the category more than triple! We are thrilled to see the pace and size of investment increase so significantly.**

However, the sector is still underserved. In particular, **we need more investment into menopause, hormonal health and conditions such as endometriosis and PCOS - and we need this across services, diagnostics, medical devices and consumer products.**

EXAMPLE OF A NEXT-GENERATION INNOVATION SEEKING TO OVERCOME HEALTHCARE GAPS

Suzy: You were recently announced as the CEO and Co-Founder of Flow Medical. What gaps is Flow Medical seeking to overcome? Locally? Globally?

Pulmonary embolism is the third largest cardiovascular killer in the U.S. and a major public health problem on a global scale. Clot-dissolving drugs such as tPA are known to be effective, but every patient and every thrombus is unique, requiring a personalized dosing protocol. Flow Medical is developing a next-generation catheter that will incorporate a novel system to deliver lytic drugs as well as real-time hemodynamic monitoring to support personalized treatments for each patient. Look for more to come!

WOMEN ARE IN CHARGE OF HEALTHCARE PURCHASING DECISIONS IN THE U.S.

Suzy: Could you tell us about the other trends that you are seeing in the U.S. market right now (across industries)? Are there any final takeaways or recommendations regarding Korean innovations?

We are seeing consumers take more charge of their own health, especially women. Women drive the vast majority of healthcare decisions for the household, for themselves, their partners, their parents, and their children. I am excited to see women feeling empowered to ask tough questions about healthcare decisions and also direct their dollars accordingly. We are seeing a lot more consumer-facing medical products that go directly to patients as self-pay or (sometimes partially) reimbursed products. Examples include Willow Innovations, a cordless breast pump, Everly Health (at-home diagnostics), and Nest Collaborative (telehealth lactation consultants).

Image source: Canva

Online and In-Person Locations to Meet U.S. Investors

Targeting investors in the U.S. can be a critical step for startups and businesses seeking funding and growth opportunities. Readers can get started by leveraging the following destinations to get in front of investors.

- Networking Events and Conferences: Attend industry-specific conferences, networking events, and business summits where investors often gather. Events like TechCrunch Disrupt, SXSW, CES, and the DAC Global Bridge Series can be excellent opportunities to meet potential investors.
- Angel Investor Networks: Join or seek out local and national angel investor networks like AngelList, Gust, or local angel groups. These networks connect startups with individual investors looking for early-stage opportunities.
- Venture Capital Associations: Get involved with venture capital associations such as the National Venture Capital Association (NVCA) or state-level VC organizations. These groups often hold events and provide resources for startups seeking investment.
- Pitch Competitions: Participate in startup pitch competitions like Cross-Industry Pitchfest, accelerator programs, and demo days. These events attract investors looking for innovative companies to fund.
- Online Platforms: Utilize online platforms like LinkedIn, Twitter, and industry-specific forums to connect with potential investors. Engage in conversations, share your expertise, and build relationships online.
- Incubators and Accelerators: Join startup incubators and accelerators that offer mentorship, resources, and access to investor networks. Examples include Y Combinator, 500 Startups, and Techstars.

Conduct due diligence by looking into the investment group's current portfolio to formulate a strong value proposition for targets. Continue learning investors' needs and adjusting the pitch to determine the most strategic positioning points. Practice makes perfect.

The more primary insights collected, the more informed a company will be in finalizing its winning pitch strategy.

If you are interested in a potential partnership and long-term relationships with the companies mentioned in this article or others in the U.S./ Korea, contact Suzy at sim@bdmtglobal.com for potential collaboration opportunities.

Suzy Im

BDMT Global

As the head of BDMT Global in Boston, Im focuses on accelerating the innovative transformation of global companies. She is a Professor of Marketing and a member of the Advisory Board at Emerson College. Im is co-founder of 'Sponsors of the Future,' a non-profit organization that leads corporate social responsibilities. Well-known business development marketing strategist in the global field for over 20 years. After merging the two critical global business functions of Business Development (BD) and Marketing Transformation (MT) for the first time, she was recognized for her innovative business model and contribution and received five consecutive awards in the U.S. including th North American Business Awards and TITAN Business Awa 2022 in Biotechnology.