

Minneapolis venture fund launches new 'studio' to launch startups

Now called Great North Ventures, it has raised \$13.8M to back startups in its studio.

By Nick Williams | MARCH 30, 2021 — 9:14AM

The managing partners of Minneapolis venture fund Great North Labs are applying a fairly new model to their business, one designed to piece together quality, high-growth tech startups across the state.

If all goes according to their plan, the new model will help funnel larger portions of the billions of venture dollars being disbursed annually around the U.S. into Minnesota.

Through a Minnesota-first approach, the organization, which is being renamed Great North Ventures, is launching a venture studio that will partner with local entrepreneurs to support their business ideas with fresh money from the fund, said twin brothers Rob and Ryan Weber, two of the partners leading Great North Ventures.

Great North Ventures, which raised just under \$24 million for its first fund, is currently raising money for a second fund of similar size, the Webers said. Per a recent regulatory filing with the U.S. Securities and Exchange Commission, the company has so far secured \$13.8 million from private investors.

Through the studio, Great North Ventures aims to launch one or two companies per year, supplying them with hundreds of thousands of dollars in pre-seed capital, and participating in follow-on capital raises between \$1 million and \$10 million, the Webers said.

Growing quality companies in Minnesota will help in attracting investor dollars, the brothers said. In 2020, venture investors injected \$156 billion into U.S. startups, with only \$1.8 billion going to startups in Minnesota, the bulk of those located in the Twin Cities, according to Seattle-based PitchBook, a private capital market data provider.

In addition to funding, entrepreneurs in the studio can be paired with other local professionals to form larger leadership teams and will have access to Great North Ventures' national network to expedite the product-to-market process. The fund will compensate people who are part of the incubator, as a "way for up-and-coming and existing talent to benefit from something they're passionate about," Rob Weber said.

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The Webers, who grew up in Brooklyn Park, and their partners will serve in active board member-type roles to the companies the studio helps create, they said. The venture studio model has proved to be successful in other cities, Rob Weber said, namely the IdeaLab in Pasadena, Calif. Minneapolis fintech company Branch, of which Great North Ventures is an investor, participated in IdeaLab.

While there is no shortage of good business ideas, a dilemma exists in how those ideas are executed, Rob Weber said. The studio model curtails this hurdle, while offering funds such as Great North Ventures an advantage in the ultracompetitive investment market, especially with more early-stage funds entering the scene, by creating proprietary deal flow, he said. With a studio approach, investors can evaluate a startup's potential, invest in market research and then launch it.

"To have one in Minnesota could really present an interesting opportunity for the right business model," Ryan Weber said.

The ideal companies that will launch from the studio are quick-to-market, digital products focused on health care and life sciences, financial services, consumers, real estate, transport and logistics, workforce development and education, and business-to-business.

The first studio-born company is a consumer app used for buying and selling collectible sports trading cards. That company, which is in stealth mode, is expected to come online later this year.



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Rob and Ryan Weber