

SAFEGUARD SCIENTIFICS INC
Form 10-K
March 07, 2014
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2013
Commission File Number 1-5620

Safeguard Scientifics, Inc.
(Exact name of Registrant as specified in its charter)

Pennsylvania 23-1609753
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer ID No.)

435 Devon Park Drive
Building 800 19087
Wayne, PA
(Address of principal executive offices) (Zip Code)
(610) 293-0600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
Title of Each Class Name of Each Exchange on Which Registered
Common Stock (\$.10 par value) New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2013, the aggregate market value of the Registrant’s common stock held by non-affiliates of the Registrant was \$334,376,985 based on the closing sale price as reported on the New York Stock Exchange.

The number of shares outstanding of the Registrant’s common stock, as of March 6, 2014 was 21,556,610.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement (the “Definitive Proxy Statement”) to be filed with the Securities and Exchange Commission for the Company’s 2014 Annual Meeting of Shareholders are incorporated by reference into Part III of this report.

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PART I

Cautionary Note Concerning Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about Safeguard Scientifics, Inc. (“Safeguard” or “we”), the industries in which we operate and other matters, as well as management’s beliefs and assumptions and other statements regarding matters that are not historical facts. These statements include, in particular, statements about our plans, strategies and prospects. For example, when we use words such as “projects,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “should,” “would,” “could,” “will,” “opportunity,” “potential” or “may,” variations of such words or other words to convey uncertainty of future events or outcomes, we are making forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Our forward-looking statements are subject to risks and uncertainties. Factors that could cause actual results to differ materially include, among others, our ability to make good decisions about the deployment of capital, the fact that our partner companies may vary from period to period, our substantial capital requirements and absence of liquidity from our partner company holdings, fluctuations in the market prices of our publicly traded partner company holdings, competition, our inability to obtain maximum value for our partner company holdings, our ability to attract and retain qualified employees, our ability to execute our strategy, market valuations in sectors in which our partner companies operate, our inability to control our partner companies, our need to manage our assets to avoid registration under the Investment Company Act of 1940, and risks associated with our partner companies and their performance, including the fact that most of our partner companies have a limited history and a history of operating losses, face intense competition and may never be profitable, the effect of economic conditions in the business sectors in which our partner companies operate, compliance with government regulation and legal liabilities, all of which are discussed in Item 1A. “Risk Factors.” Many of these factors are beyond our ability to predict or control. In addition, as a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by this cautionary statement. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this report might not occur.

Item 1. Business

Business Overview

Safeguard’s charter is to build value in growth-stage businesses by providing capital as well as strategic, operational and management resources. Safeguard participates principally in growth and expansion financings and early-stage financings. Our vision is to be the preferred capital source for entrepreneurs and management teams in well defined industry sectors. Throughout this document, we use the term “partner company” to generally refer to those companies in which we have an equity interest and in which we are actively involved, influencing development through board representation and management support, in addition to the influence we exert through our equity ownership. From time to time, in addition to these partner companies, we also hold relatively small equity interests in other enterprises where we do not exert significant influence and do not participate in management activities. In some cases, these interests relate to former partner companies and in some cases they relate to entities which may later become partner companies.

We strive to create long-term value for our shareholders by helping our partner companies increase their market penetration, grow revenue and improve cash flow. Safeguard focuses principally on companies with initial capital requirements of between \$5 million and \$15 million, and follow-on financing needs of between \$5 million and \$10 million, with a total anticipated deployment up to \$25 million from Safeguard. We will occasionally provide certain early stage financing in amounts generally up to \$1 million to promising young companies with the goal to provide more capital once certain development milestones are achieved. Safeguard principally targets companies that operate in two sectors:

Healthcare — companies focused on medical technology (“MedTech”), including diagnostics and devices; healthcare technology (“HealthTech”); and specialty pharmaceuticals. Within these areas, Safeguard targets companies that have lesser regulatory risk and have achieved or are near commercialization; and

Technology — companies focused on digital media; financial technology (“FinTech”); and Enterprise 3.0, which includes mobile technology, cloud, the “Internet of Things” and big data. Within these areas, Safeguard targets companies that have transaction-enabling applications with a recurring revenue stream.

In 2013, our management team continued to focus on the following objectives:

• Deploy capital in companies within our strategic focus;

• Build value in partner companies by developing strong management teams, growing the companies organically and through acquisitions, and positioning the companies for liquidity at premium valuations;

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Realize the value of partner companies through selective, well-timed exits to maximize risk-adjusted value; and
Provide the tools needed for investors to fully recognize the shareholder value that has been created by our efforts.

To meet our strategic objectives during 2014, Safeguard will continue to focus on:

Finding opportunities to deploy our capital in additional partner companies within our target sectors;
Helping partner companies to achieve additional market penetration, revenue growth, cash flow improvement and growth in long-term value; and

Realizing value in our partner companies if and when we believe doing so will maximize value for our shareholders.

We incorporated in the Commonwealth of Pennsylvania in 1953. Our corporate headquarters are located at 435 Devon Park Drive, Building 800, Wayne, Pennsylvania 19087.

Significant 2013 Highlights

Here are our key developments from 2013:

During 2013, we deployed an aggregate of \$34.1 million of capital into six new partner companies and in other early stage enterprises. In addition, we deployed \$15.3 million of additional capital to support the growth of the partner companies in which we already had an interest at December 31, 2012.

- In January 2013, Safeguard deployed \$1.3 million as part of a \$14.8 million financing for Sotera Wireless, Inc. (“Sotera”). In addition, Safeguard paid \$1.2 million to acquire additional shares in Sotera from a previous investor. Sotera is a medical device company that has developed a new wireless patient monitoring platform called ViSi Mobile®.

In February and August 2013, Safeguard deployed an aggregate of \$5.5 million in Clutch Holdings, Inc., a mobile commerce platform that unifies gifting, loyalty programs and shopping by bringing the most relevant information to consumers and the most targeted customers to merchants.

In February 2013, Safeguard deployed \$5.0 million as part of a \$6.0 million financing for Pneuron Corporation. Pneuron’s lightweight, cloud-ready enterprise-class platform provides a suite of high-performance “pneurons” that enables enterprises to build, deploy and manage distributed analytics, applications and operating models directly against source systems and centrally integrates insights.

In August 2013, Safeguard deployed \$7.5 million as part of a \$10.0 million financing for Quantia, Inc. Quantia’s mobile and web-based physician relationship management platform, called QuantiaMD, enables principal participants throughout the healthcare spectrum including health systems, payers, pharmaceutical companies, and medical device companies to reach, engage and interact with their high-value physicians in a way that ultimately creates revenue opportunities, reduces costs, saves time, and improves quality of care.

In November 2013, Safeguard deployed \$12.1 million as part of a \$16.0 million financing for Apprenda Inc., which powers the next generation of enterprise software development in public, private and hybrid clouds. As a foundational software layer and application run-time environment, Apprenda abstracts away the complexities of building and delivering modern software applications, enabling enterprises to turn ideas into innovations faster. With Apprenda, enterprises can securely deliver an entire ecosystem of data, services, applications and application programming interfaces to both internal and external customers across any infrastructure.

In November 2013, Safeguard deployed \$0.8 million as part of a \$1.5 million financing for Dabo Health, Inc. Dabo Health provides the healthcare community with a platform to view and track improvement in key performance metrics, collaborate across hospitals and healthcare systems, and identify and share learnings to save lives providing a solution which enables providers and payers to improve patient care, reduce per capita cost and maximize reimbursements.

In December 2013, Safeguard received \$36.4 million in initial proceeds from the successful sale of Safeguard partner company ThingWorx, Inc. to PTC Inc. (NASDAQ:PTC). The \$36.4 million excludes \$4.1 million which will be held in escrow until December 30, 2015. Under the terms of the definitive agreement, PTC acquired ThingWorx for approximately \$112.0 million, plus an earn-out of up to \$18.0 million. Under the earn-out, Safeguard has the opportunity to receive up to an additional \$6.5 million based on certain milestones that may be achieved over future periods. This would increase Safeguard’s total proceeds to approximately \$47.0 million. It is difficult to assess the

likelihood of receiving some or all of such amounts, or the timing thereof.

Our Strategy

Founded in 1953, Safeguard has a distinguished record of building market leaders by providing capital and operational support to entrepreneurs across an evolving and innovative spectrum of industries. Today, Safeguard targets healthcare companies focusing on medical technology, healthcare technology and specialty pharmaceuticals and technology companies focusing on financial technology, internet and digital media, and Enterprise 3.0.

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As a visionary for the development of growth-stage healthcare and technology companies, Safeguard is a proven partner for entrepreneurs looking to accelerate growth and build long-term value in their businesses. Leveraging Safeguard's rich and colorful history of building market leaders, along with our team's collective operational expertise and successful entrepreneurial endeavors, Safeguard has built a powerful-and actionable-platform of resources to support our partner companies with the strategies and relationships that are most vital for success. We provide value that extends beyond capital and work as a team to foster growth.

Our corporate staff of 30 employees is dedicated to creating long-term value for our shareholders by helping our partner companies build value and by finding additional capital deployment opportunities.

Identifying Partner Company Opportunities

Safeguard's go-to-market strategy, marketing and sourcing activities within our sectors of focus (Healthcare and Technology) are designed to generate a large volume of high-quality opportunities to acquire significant shareholder positions in partner companies. Our principal focus is to acquire positions in emerging- and growth-stage companies with attractive growth prospects in the technology and healthcare sectors. Generally, we prefer to deploy capital into companies:

- operating in large and/or growing markets;
- with barriers to entry by competitors, such as proprietary technology and intellectual property, or other competitive advantages;
- with initial capital requirements between of \$5 million and \$15 million, and follow-on financing needs of between \$5 million and \$10 million, with the total anticipated deployment of up to \$25 million from Safeguard; and
- with a compelling growth strategy.

Our sourcing efforts are targeted primarily in the eastern United States. However, in-bound deal leads generate opportunities throughout the United States, and we do not limit our sourcing to a particular geographic area within the United States. Leads come from a variety of sources, including investment bankers, syndication partners, existing partner companies and advisory board members.

In Healthcare, we currently target companies in MedTech, including diagnostics and devices, HealthTech and specialty pharmaceuticals that have lesser regulatory risk and have achieved or are near commercialization.

In Technology, we currently target companies in digital media, FinTech, and Enterprise 3.0, which includes mobile technology, cloud, "Internet of Things" and big data that have transaction-enabling applications with a recurring revenue stream.

We believe there are many opportunities within these business models and vertical markets, and our sourcing activities are focused on finding candidate companies and evaluating how well they align with our criteria. However, we recognize we may have difficulty identifying candidate companies and completing transactions on terms we believe appropriate. As a result, we cannot be certain how frequently we will enter into transactions with new or existing partner companies.

Competition. We face intense competition from other companies that acquire or provide capital to healthcare and technology businesses. Competitors include venture capital and, occasionally, private equity investors, as well as companies seeking to make strategic acquisitions. Many providers of growth capital also offer strategic guidance, networking access for recruiting and general advice. Nonetheless, we believe we are an attractive capital provider to potential partner companies because our strategy and capabilities offer:

- responsive operational assistance, including strategy design and execution, business development, corporate development, sales, marketing, finance, risk management, talent recruitment and legal support;
- the flexibility to structure transactions, with or without debt;
- occasional liquidity opportunities for founders and existing investors;
- a focus on maximizing risk-adjusted value growth, rather than absolute value growth within a narrow or predetermined time frame;
- interim C-level management support, as needed; and
- opportunities to leverage Safeguard's balance sheet for borrowing and stability.

Helping Our Partner Companies Build Value

We offer operational and management support to each of our partner companies through our deep domain expertise from our management team's careers as entrepreneurs, board members, financiers and operators. Our employees have expertise in business strategy, sales and marketing, operations, finance, legal and transactional support. We provide hands-on assistance to the management teams of our partner companies to support their growth. We believe our strengths include:

- applying our expertise to support a partner company's introduction of new products and services;

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•leveraging our market knowledge to generate additional growth opportunities;

•leveraging our business contacts and relationships; and

•identifying and evaluating potential acquisitions and providing capital to pursue potential acquisitions to accelerate growth.

Strategic Support. By helping our partner companies' management teams remain focused on critical objectives through the provision of human, financial and strategic resources, we believe we are able to accelerate their development and success. We play an active role in developing the strategic direction of our partner companies, including:

•defining short and long-term strategic goals;

•identifying and planning for the critical success factors to reach these goals;

•identifying and addressing the challenges and operational improvements required to achieve the critical success factors and, ultimately, the strategic goals;

•identifying and implementing the business measurements that we and others will apply to measure a company's success; and

•providing capital to drive growth.

Management and Operational Support. We provide management and operational support, as well as ongoing planning and development assessment. Our executives and advisory board members provide mentoring, advice and guidance to develop partner company management. Our executives serve on the boards of directors of partner companies, working with them to develop and implement strategic and operating plans. We measure and monitor achievement of these plans through regular review of operational and financial performance measurements. We believe these services provide partner companies with significant competitive advantages within their respective markets.

Realizing Value

In general, we will hold our position in a partner company as long as we believe the risk-adjusted value of that position is maximized by our continued ownership and effort. From time to time, we engage in discussions with other companies interested in our partner companies, either in response to inquiries or as part of a process we initiate. To the extent we believe that a partner company's further growth and development can best be supported by a different ownership structure or if we otherwise believe it is in our shareholders' best interests, we may sell some or all of our position in the partner company. These sales may take the form of privately negotiated sales of stock or assets, mergers and acquisitions, public offerings of the partner company's securities and, in the case of publicly traded partner companies, sales of their securities in the open market. In the past, we have taken partner companies public through rights offerings and directed share subscription programs. We will continue to consider these (or similar) programs to maximize partner company value for our shareholders. We expect to use proceeds from these sales (and sales of other assets) primarily to pursue opportunities to deploy capital in new and existing partner companies, or for working capital purposes, either with existing partner companies or at Safeguard.

Our Partner Companies

An understanding of our partner companies is important to understanding Safeguard and its value-building strategy. Following are descriptions of our partner companies in which we owned interests at December 31, 2013. The indicated ownership percentage is presented as of December 31, 2013 and reflects the percentage of the vote we were entitled to cast at that date based on issued and outstanding voting securities (on a common stock equivalent basis), excluding the effect of options, warrants and convertible debt (primary ownership).

HEALTHCARE PARTNER COMPANIES

AdvantEdge Healthcare Solutions, Inc.

(Safeguard Ownership: 40.1%)

AdvantEdge Healthcare Solutions ("AdvantEdge"), with offices in multiple locations in the Eastern and Mid-Western United States, is a technology-enabled provider of healthcare revenue cycle and business management solutions that improve decision-making, maximize financial performance, streamline operations and eliminate compliance risks for healthcare providers. AdvantEdge continues to gain meaningful scale through organic growth and strategic acquisitions, having completed eight acquisitions since 2007. AdvantEdge has more than 675 employees in eight regional offices in the U.S. and one office in Bangalore, India. www.ahsrcm.com

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Alverix, Inc.

(Safeguard Ownership: 48.5%)

Alverix designs, develops and manufactures next-generation instrument and connectivity platforms for Point-of-Care diagnostic testing. Alverix's systems enable laboratory class performance in a mobile, inexpensive format, extending testing beyond high volume sites to physician office labs, retail clinics, emerging markets and the home, where immediate results are critical to patient care. Becton, Dickinson and Company acquired Alverix in January 2014. For further details, see Note 18 to the Consolidated Financial Statements. www.alverix.com

Crescendo Bioscience, Inc.

(Safeguard Ownership: 12.6%)

Crescendo Bioscience is a molecular diagnostics company that is currently focused on improving the treatment of rheumatoid arthritis ("RA"), a debilitating, chronic inflammatory disease characterized by bone erosions and cartilage degradation. Current tools for assessing the status of RA in individual cases are largely subjective, imprecise and cumbersome to administer in daily practice. Working with collaborators from academic medical institutions, Crescendo Bioscience is building a comprehensive understanding of the underlying biology of RA, including the characterization of protein, gene expression and genetic biomarkers, to provide molecular analysis of the disease to help guide the treatment of individual patients. Through its lead product, Vectra[®]DA, Crescendo Bioscience is establishing long-term relationships with clinicians to help improve outcomes throughout the continuum of care. All testing is performed at Crescendo Bioscience's own specialized, CLIA-certified laboratory. Myriad Genetics acquired Crescendo in February 2014. For further details, see Note 18 to the Consolidated Financial Statements. www.crescendobio.com

Dabo Health, Inc.

(Safeguard Ownership: 8.0%)

Headquartered in San Francisco, California, Dabo Health provides the healthcare community with a platform to view and track improvement in key performance metrics, collaborate across hospitals and healthcare systems, and identify and share learnings to save lives - providing a solution which enables providers and payers to improve patient care, reduce per capita cost and maximize reimbursements. www.dabohealth.com

Good Start Genetics, Inc.

(Safeguard Ownership: 30.0%)

Headquartered in Cambridge, Massachusetts, Good Start Genetics is an innovative molecular genetic information company that has developed more accurate and comprehensive genetic carrier screening tests. Good Start Genetics' sequencing-based carrier screening test, GoodStart Select[™], screens for all 23 genetic disorders recommended for screening by leading medical societies and influential advocacy groups. Good Start Genetics' next-generation DNA sequencing technology, combined with other proven genetic screening technologies, results in higher carrier detection rates regardless of ethnicity. www.goodstartgenetics.com

Medivo, Inc.

(Safeguard Ownership: 34.5%)

Headquartered in New York, New York, Medivo is a health monitoring company that enables physicians and payers to better track and improve outcomes, while providing services for life science companies to more effectively target and measure impact. Medivo's lab results search and lab analytics platform give healthcare providers access to more complete patient and practice-level profiles sourced from more than 150 labs, while the company's suite of mobile apps increase patient engagement and lab testing compliance. Medivo's services enable physicians and payers to better track and improve outcomes, while providing services for life science companies to more effectively target and measure impact. www.medivo.com

NovaSom, Inc.

(Safeguard Ownership: 30.3%)

Headquartered in Glen Burnie, Maryland, NovaSom is a medical device company that has developed the first and only FDA-cleared wireless home sleep test for Obstructive Sleep Apnea ("OSA"), called AccuSom[®] Home Sleep Test. The NovaSom home sleep testing technology and MediTrack[®] portal have been shown to provide in-home, clinically equivalent diagnosis of OSA at a significantly reduced cost compared to in-facility testing for uncomplicated adult OSA. www.novasom.com

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NuPathe Inc. (NASDAQ: PATH)

(Safeguard Ownership: 16.5%)

NuPathe is a specialty pharmaceutical company focused on the development and commercialization of branded therapeutics for diseases of the central nervous system. Teva Pharmaceuticals acquired NuPathe in February 2014. For further details, see Note 18 to the Consolidated Financial Statements. www.nupathe.com

Putney, Inc.

(Safeguard Ownership: 27.6%)

Headquartered in Portland, Maine, Putney is a specialty pharmaceutical company developing high-quality, cost-effective generic medicines for pets. Putney's mission is to partner with veterinary practices to provide high-quality medicines that meet pet medical needs and offer cost-effective alternatives for pet owners. www.putneyvet.com

Quantia, Inc.

(Safeguard Ownership: 35.1%)

Headquartered in Waltham, Massachusetts, Quantia is a leader in physician engagement and alignment. Quantia's web-based and mobile platform, called QuantiaMD, enables principal participants in healthcare to reach and engage high-value physicians in ways that ultimately reduce costs, save time, and improve quality of care. The platform blends social media, game mechanics and engagement science to help its clients, organizations such as health systems, payers, pharmaceutical companies and medical device companies, collaborate with physicians. www.quantia-inc.com

Sotera Wireless, Inc.

(Safeguard Ownership: 7.3%)

Headquartered in San Diego, California, Sotera is a medical device company that has developed a wireless patient monitoring platform called ViSi Mobile®. The FDA-approved ViSi Mobile System continuously monitors all core vital signs - heart rate or pulse rate, electrocardiogram, blood pressure, blood oxygenation level, respiration rate and skin temperature - all with a monitoring accuracy typically found in intensive care units while not restricting the patient's mobility. www.soterawireless.com

TECHNOLOGY PARTNER COMPANIES

AppFirst, Inc.

(Safeguard Ownership: 34.3%)

Headquartered in New York, New York, AppFirst delivers an application-aware operational intelligence platform that enables organizations to see key information across their entire IT ecosystem. AppFirst's data collection and aggregation is a powerful big data solution, collecting data across every process within any application, across all servers in real time. Customers are using AppFirst to lower IT costs, enhance security and compliance, make better business decisions based on proactive intelligence, and drive toward a new quality of service. www.appfirst.com

Apprenda, Inc.

(Safeguard Ownership: 22.0%)

Headquartered in Clifton Park, New York, Apprenda powers the next generation of enterprise software development in public, private and hybrid clouds. As a hybrid cloud software layer that aligns IT resources and public cloud with efficiency and innovation goals, Apprenda helps customers reinvent their business more profitably, enabling the emergence of the software-defined enterprises. www.apprenda.com

Beyond.com, Inc.

(Safeguard Ownership: 38.2%)

Headquartered in King of Prussia, Pennsylvania, Beyond.com is a career network that is focused on helping people grow and succeed professionally. Beyond.com helps employers and more than 30 million job seekers pinpoint the most relevant opportunities based on location, industry and expertise. This is achieved through 75 unique career channels, 2,500 industry communities, and 500 professional communities which reach more than 100 countries in the Beyond.com global network. www.beyond.com

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Bridgevine, Inc.

(Safeguard Ownership: 22.7%)

Headquartered in Vero Beach, Florida, Bridgevine is a performance-based digital marketing company that has consolidated the fragmented digital ecosystem through a proprietary up-sell and cross-sell optimization platform. Bridgevine utilizes its proprietary optimization platform, Acquisition and Merchandising Platform, to (a) provide insight and attribution across the digital marketing landscape of search engine optimization, search engine marketing, mobile, social and display media, and (b) perform superior up-sell and cross-sell for brands to better monetize their customers through complimentary offers delivered seamlessly into third party web and customer relationship management environments. www.bridgevine.com

Clutch Holdings, Inc.

(Safeguard Ownership: 24.0%)

Headquartered in Ambler, Pennsylvania, Clutch is the first and only end-to-end platform that helps brands connect, manage, engage and measure success across all touch points with their customers via in-store, online, mobile and social media. Through its Consumer Lifecycle Success platform, Clutch enables retailers to maximize the value they get from their customers by providing a comprehensive set of modular solutions to drive loyalty, increase consumer spend and reward brand advocacy. www.clutch.com

DriveFactor, Inc.

(Safeguard Ownership: 40.6%)

Headquartered in Richmond, Virginia, DriveFactor provides insurance companies with a turn-key software platform that enables usage based insurance ("UBI") programs. DriveFactor has created a UBI platform that is statistically more predictive and financially more attractive for insurance companies to implement. It is also a more privacy-sensitive, financially equitable offering for consumers. DriveFactor's smartphone telematics engine, which is fully integrated into the DriveFactor telematics platform, is available for iOS and Android, and can be embedded into existing or new smartphone apps for the purpose of gathering driving data and generating leads while supporting an engaging customer experience. DriveFactor is currently available in the United States, Canada and Europe. www.drivefactor.com

Hoopla Software, Inc.

(Safeguard Ownership: 25.3%)

Headquartered in San Jose, California, Hoopla has developed a complete employee engagement system designed to increase motivation and steer employee actions and behaviors. Hoopla's subscription-based software as a service ("SaaS") application leverages enterprise data, advanced game mechanics and sophisticated communication tools to cultivate a high performance culture and drive results. Hoopla's SaaS applications are licensed for a subscription fee and are available on the Salesforce.com AppExchange. www.hoopla.net

Lumesis, Inc.

(Safeguard Ownership: 44.2%)

Headquartered in Stamford, Connecticut, Lumesis is a SaaS, cloud-based financial technology company that is dedicated to delivering software solutions and comprehensive, timely data to the municipal bond marketplace. Through sophisticated analytical tools, real-time alerts, proprietary visualization technology and content-rich reporting, Lumesis' DIVER solutions allow professionals across the municipal market to easily identify portfolio risks and opportunities, improve customer satisfaction, ensure compliance and enable growth. www.lumesis.com

MediaMath, Inc.

(Safeguard Ownership: 22.5%)

Headquartered in New York, New York, MediaMath provides enterprise-class technology and services to advertisers and their agencies to make more efficient, effective and profitable marketing decisions. MediaMath's TerminalOne Marketing Operating System™ enables marketers to leverage data insights, media optimization and algorithmic decisioning to execute smarter marketing campaigns. MediaMath's clients include top-tier agencies, holding companies and brands like Havas, Hill Holiday, 1-800-Flowers.com and Pitney Bowes, which use the platform to buy billions of highly targeted ads per month. MediaMath serves more than 3,500 clients with more than 300 employees in twelve locations worldwide. www.mediamath.com

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Pneuron Corporation

(Safeguard Ownership: 27.6%)

Headquartered in Woburn, Massachusetts, Pneuron helps Fortune 5000 enterprise companies reduce the time and cost of application development by building solutions across heterogeneous databases, and applications. Pneuron's lightweight, cloud-ready enterprise-class platform provides a suite of high-performance "pneurons" that enables enterprises to build, deploy and manage distributed analytics, applications and operating models directly against source systems and centrally integrate insights. Instead of bringing all the data, IP and assets into one place, then analyzing them, Pneuron takes the analytics to the data. This approach eliminates the need for large costly failure-prone systems and data integration projects. Pneuron is initially focused on some of the most pressing and complex areas of financial services,