



ACADEMY INVESTOR NETWORK: SUPPORTING AND GROWING VETERAN-LED VENTURES

The Largest Network of Diverse- Owned
Alternative Investment Firms

The business case for leveraging talent that comes out of the military is well established. Leadership, teamwork, quick learning, and performance under pressure are just a few of the many good qualities that veterans have in abundance. With that idea in mind, Academy Investor Network (AIN) is leveraging those same skills to drive alpha for its investors.

Launched in 2021, AIN is an early-stage venture capital fund that invests in U.S. military veteran-led startups and civilian-led companies providing dual-use technology – products and solutions with both commercial and potential government applications, including, but not limited to the military. AIN then adds value to its portfolio companies through the team’s deep experience in operations, human resources and fundraising.

Leading the team are Managing Partners Sherman Williams, a 2003 graduate of the United States Naval Academy, and Emily McMahan, a 2001 graduate of the United States Military Academy at West Point. Williams, whose post-military credentials include studying finance, entrepreneurship and international business at the University of Chicago Booth School of Business followed by an investment banking career focused on M&A, which gave him exposure to the health tech and life sciences sectors. McMahan brings entrepreneurial know-how and expertise in scaling enterprises. Following a storied military career that includes two Bronze Star Medals, McMahan became a serial entrepreneur – joining as employee No. 3 at a GovTech venture that eventually sold for \$250 million – and later founded Capitol Post, where she taught entrepreneurship-related skills to veterans and their significant others.

Specifically, AIN focuses on space technology, sustainability technology, healthcare technology, defense technology, cybersecurity, civic technology, and disaster technology. “Those are the key themes that we focus on at that intersection of dual-use and deep tech,” says Williams. A dual mandate fund, AIN is also an industry-agnostic backer of veteran-led startups.

Further, AIN also runs an investment syndicate that brings together graduates of the five U.S. Military Service Academies (United States Naval Academy, United States Military Academy West Point, United States Air Force Academy, United States Coast Guard Academy, and the United States Merchant Marine Academy). The nearly 500 members of this syndicate invest alongside the venture fund and help with deal-sourcing, vetting and providing post-investment support to portfolio companies.

LEVERAGING A DEEP TALENT POOL

The idea to invest with veteran-led firms is sound, particularly when considering their respective founders’ valuable acquired skills. There are also lots of them. The U.S. currently has approximately 22 million military veterans, and the nation adds roughly 200,000 – 300,000 to that total each year. And graduates from the five U.S. Military Service Academies skew entrepreneurial. While these graduates collectively represent only 4% of all U.S. veterans, they make up 40% of veteran-led technology startups.

And those academy graduates in the AIN syndicate make the ideal teamwork alongside veteran-led ventures in which the firm invests. “The thought process was to bring that wildly entrepreneurial group together to invest in all veterans and dual-use technology ventures,” Williams explains. “This group can provide the leadership and mentorship to ensure all veterans get to participate.” AIN intends to play a major role in ensuring veterans consider entrepreneurship, and that they have the necessary resources to be successful, making that path as viable as going on to a career in Corporate America.

AIN's origins trace back to a group at West Point – which included McMahan – who noticed that as initiatives came into play to hire veterans into Corporate America, entrepreneurship numbers for veterans began to decrease. Those West Point graduates decided to create a fund to support veteran entrepreneurship and recruited Williams, a serial angel investor at the time with a strong understanding of the venture capital space. It was Williams' idea to gather the proven most entrepreneurial group of veterans – graduates from all five service academies that would invest in all veterans as well as dual-use technologies.

The dual-use thesis is built on the premise that just as the Department of Defense bankrolled the original Silicon Valley players to get a technological leg up on the Soviet Union, the U.S. would support American ventures today to remain competitive with rivals like China and Russia. With that thesis and strategy in hand, AIN started raising its first institutional fund in 2021 and reached its first close and capital call with United Services Automobile Association (USAA) as its anchor investor and several family offices and high network individuals coming on board. With the close completed, AIN wasted no time putting that capital to work.

TRUE GRIT

AIN now has 12 deals under its belt – six from its inaugural fund and another half dozen from capital deployed from its syndicate. The first investment this year was into Bright Uro, Inc., an early-stage medical technology company developing a technology-forward urological sensing device that is designed to accurately assess the conditions of those with Lower Urinary Track Dysfunction. Spearheaded by Derek Herrera, a highly decorated former U.S. Special Operations officer paralyzed from the chest down in combat in Afghanistan, the company's digital health solution is designed to assess urological decisions in a more accurate, time-effective and cost-effective way.

"When I vet a company, you can boil down my decision-making criteria to three points: team, market size, and technological differentiation," Williams explains. In the case of Bright Uro, the AIN team saw that the founder is a Marine and a Naval Academy graduate with unquestionable leadership skills. The management team has a unique background to help solve a problem – inefficient, time-consuming and inaccurate urodynamics exams.

Finally, Williams liked the fact that Bright Uro's leadership has the determination and grit to accomplish its goals. "Derek Herrera has proven time and time again that he simply will not quit and will do all that is necessary in order to make Bright Uro successful. Bright Uro is a classic example of a team with proven leadership and grit that has a technologically differentiated product that also has a large market size."

Looking ahead, Sherman envisions growing AIN into an institution that is the leading investment firm for dual-use technology startups and veteran-led startups that want to scale rapidly in a capital efficient and sustainable way.

Williams credits much of his success in financial services to his military background. "Perseverance, relentlessness, willingness to speak truth to power, integrity, practiced leadership and organization are all the ways in which my military background has prepared me for the world of finance," he attests. "Not only did the military imbue me with all of these traits, but it also put me in environments where these traits were tested on a constant basis."