University of Michigan’s Student-led Social Venture Fund Makes First-of-its-Kind Investment in LearnZillion

Student-led fund participates in $2.4 million Series A funding for fast growing edtech start up

Ann Arbor, Mich. – April 12, 2012 – The Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies at the University of Michigan’s Stephen M. Ross School of Business today announced its Social Venture Fund has closed its first investment. The Fund joined a syndicate of 17 investors in a Series A round investment totaling $2.4 million in LearnZillion, a web-based platform that gives students, teachers and parents access to a video library of high-quality, standards-based lessons taught by the nation’s top teachers. This marks the Social Venture Fund’s first investment and the first ever investment made by a socially-oriented student-led venture fund.

The Social Venture Fund’s seeks to make early-stage investments of up to $200,000 in sustainable, innovative, for-profit organizations that deliver financial returns and place the generation of a significant social impact at the heart of their mission. It is managed by Gautam Kaul, Professor of Finance at the Ross School of Business and by 34 students (29 MBAs and 5 BBAs) who have wide-ranging experience in fields that include technology, investment and education. Along with the Wolverine Venture Fund and Frankel Commercialization Fund, the Social Venture Fund completes U-M’s trifecta of student-led venture funds, managed by the Zell Lurie Institute, which effectively immerses students in experiencing all aspects of venture capital investing.

“This investment marks an important milestone in the history of the Social Venture Fund,” said Seth Greenberg, MBA ’12 and one of the directors of the Social Venture Fund. “We are not only making our first financial investment, but are also co-investing with well-established impact investors and venture capitalists on the deal to help LearnZillion develop and scale their business. This is more than just an investment; it is an incredibly valuable learning experience for students involved. We hope we can act as a model that other business schools can replicate as a way for students to learn first-hand about early stage investing in socially and environmentally responsible companies.”

A team of nine students led by Emily Airey MBA ’12 and Daniel Reyes MBA ’12, consisting of business and law students, sourced the deal and conducted in-depth due diligence on the company, which proved valuable to several of the deal’s investors. As part of the Social Venture Fund’s investment in LearnZillion, both parties will work together to ensure socially-minded business metrics are met on an ongoing basis. The company is also participating in the Institute’s Summer Internship program to bring an intern onboard from Ross to work with the company.

Eric Westendorf, co-founder of LearnZillion noted the enthusiasm and thoroughness demonstrated by the students from the Social Venture Fund was impressive. They were extremely thorough in their due diligence and both the information and excitement they shared proved extremely valuable in helping to get other investors on board. He feels the Social Venture Fund has and will continue to play an important role as the company tries to create positive change in today’s education system.

LearnZillion currently focuses its lessons on grades three through nine with a focus on math. This funding will help the company accelerate content development by bringing on additional staff and developing additional material. Other investors include O’Reilly Alpha Tech Ventures, DC Community Ventures and Learn Capital Venture Partners.
“We charted the course when we introduced the Wolverine Venture Fund as the first student-led fund, and we have blazed the trail yet again by having our Social Venture Fund be the first socially-oriented student-led fund to close a deal,” said Tom Kinnear, executive director of the Zell Lurie Institute. “Our funds have performed above average with several successful exits through the years and have provided many students with an unparalleled learning experience. With today’s investment in LearnZillion, we can proudly add social outcomes to the positive benefits generated by this program.”

About the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies
The Institute and its Center for Venture Capital and Private Equity Finance bring together a potent mix of knowledge, experience and opportunities from the front lines of entrepreneurship and alternative investments. The student learning experience is further enhanced through internships, entrepreneurial clubs and events that serve to provide viable networks and engage the business community. The School’s three student-led investment funds, with over $6.5M under management, immerse students in the business assessment and investment process. Founding Board Members include Samuel Zell, Chairman of Equity Group Investments and Eugene Applebaum, Founder of Arbor Drugs, Inc. For more information, visit the Institute at www.zli.bus.umich.edu.