



**Development  
Services Agency**

John R. Kasich, Governor

David Goodman, Director



**Third Frontier**  
Innovation Creating Opportunity

[www.OhioThirdFrontier.com](http://www.OhioThirdFrontier.com)

# Commission Meeting

September 17, 2015

# Commission Agenda

10:00	Call to Order <ul style="list-style-type: none"><li>Approval of 06/11/2015 Meeting Minutes <b>(Vote)</b></li></ul>	David Goodman
10:05	Commercial Acceleration Loan Fund <b>(Vote)</b>	Diane Chime
10:25	Third Frontier Internship Program <b>(Vote)</b>	Norm Chagnon
10:40	Other Business	All
10:45	Adjourn	

# Commercial Acceleration Loan Fund



Development  
Services Agency



Third Frontier  
Innovation Creating Opportunity

# Ohio Third Frontier – Commercial Acceleration Loan Fund September 2015 Projects

Company Name	County	Industry	Project Amount	Loan Amount	CALF Funding Percentage	Total Jobs Committed (New and Retained)	Evaluator Recommendation
Blue Water Satellite, Inc.	Lucas	IT-Business	\$2,354,000	\$1,000,000	42%	32	SBCI
SafeWhite, Inc.	Franklin	Advanced Materials	\$2,197,500	\$1,250,000	57%	29	Invantage

Sbci, Ltd. (SBCI) – Dr. Susan Stanton  
Invantage Group (Invantage), Ted Bernard

# Ohio Third Frontier Internship Program



Development  
Services Agency



Third Frontier  
Innovation Creating Opportunity

# Program Details

## Goals:

- Help entrepreneurial businesses grow
  - Engage minority, rural and under-served populations in technology innovation
- 
- Up to \$10,000 to eligible companies to support a student internship
  - 1:2 cost share, or a \$0.50 contribution from the company for each state dollar awarded

# Outreach

Driving student interest through educational events





# 2015

Ohio Third Frontier  
**RETREAT**

September 17, 2015



Development  
Services Agency



**Third Frontier**  
Innovation Creating Opportunity

# Retreat Agenda

11:00	Call to Order <ul style="list-style-type: none"><li>Approval of 04/09/15 Meeting Minutes (Vote)</li></ul>	Mark Collar
11:05	Meeting Objectives	Mark Collar
	Environment and Context	
	<ul style="list-style-type: none"><li>Administration Priorities</li></ul>	Ben Kanzeg
11:10	<ul style="list-style-type: none"><li>Year in Review/OTF Funding Status</li></ul>	Norm Chagnon
	<ul style="list-style-type: none"><li>Metrics/Inclusion Data</li></ul>	Keith Jenkins/ Mihaela Jekic
12:00	Review of Progress on CY 2014 Strategic Consensus Document	All
12:10	Strategic Issues	All
12:30	Lunch/I-Corps Panel	

# Retreat Agenda (continued)

Moving Forward for CY 2015-16

1:15

- Future Opportunities/Direction
- Consensus on Key Decisions

All

3:15

Break

3:30

Priorities/Consensus on Key Decisions

All

4:25

Other Business

All

4:30

Adjourn

# Meeting Objectives

# Environment & Context

# Administration Priorities



# 2015

Ohio Third Frontier  
**RETREAT**

September 17, 2015



Development  
Services Agency



**Third Frontier**  
Innovation Creating Opportunity

2015



Services Agency



Third Frontier  
Innovation Creating Opportunity

# Year in Review

# Year in Review – General

- Requests For Proposals were released for all programs planned for CY 2015 and tracked with the established schedule
- In the period from January 1, 2015 to December 30, 2015, expect total awards of \$70 million

# Year in Review – Programs

- Three additional rounds of Technology Validation and Start-up Program expected to award a total of \$2 million
- Six additional CALF deals awarding nearly \$7 million

## Pre-seed and Seed+

- Total Request (\$88.1 million)
- Pre-seed Only (\$39.6 million)
- Seed + Only (\$2.5 million)
- Combined (\$46 million)
- NE (12), CE (5), SW (3)
- New (8), Existing (12)

# Year in Review – Other

- Revised loan terms for Pre-seed and Seed+
- Closed CALF to new loans over summer quarter to reposition as closed versus rolling RFP process; relaunch expected in early fall quarter
- First planned statewide meeting involving Ohio Development Services Agency, JobsOhio and representatives of ESPs and Funds held on 03/31/15
- Implemented higher award amount from TVSF Phase 2 for med tech and software/IT opportunities

# Year in Review – Other

- Implemented inclusion data collection protocol with ESPs and received first report for six months ending 06/30/2015
- Ready to launch Ohio Third Frontier Internship Program focused on start-up and early stage companies and engagement of underserved minority and rural students
  - Announced program at Central State University at 09/01/15 event with a large group of students, faculty and advisors; recruited 25 students interested in finding a company match for internship opportunity

# Year in Review

Functional Area	Program	CY2015	
Innovation	Entrepreneurial Signature Program	–	
Capital	Pre-seed Fund Capitalization Program	35.0	35.0
	Seed +	25.0	25.0
	Commercial Acceleration Loan Fund	30.0	7.0
Commercialization	Technology Validation & Start-up Fund	5.0	3.0
Total		95.0	70.0



# OTF Bond Fund Balance \$292 million



# 2015

## Ohio Third Frontier RETREAT

September 17, 2015

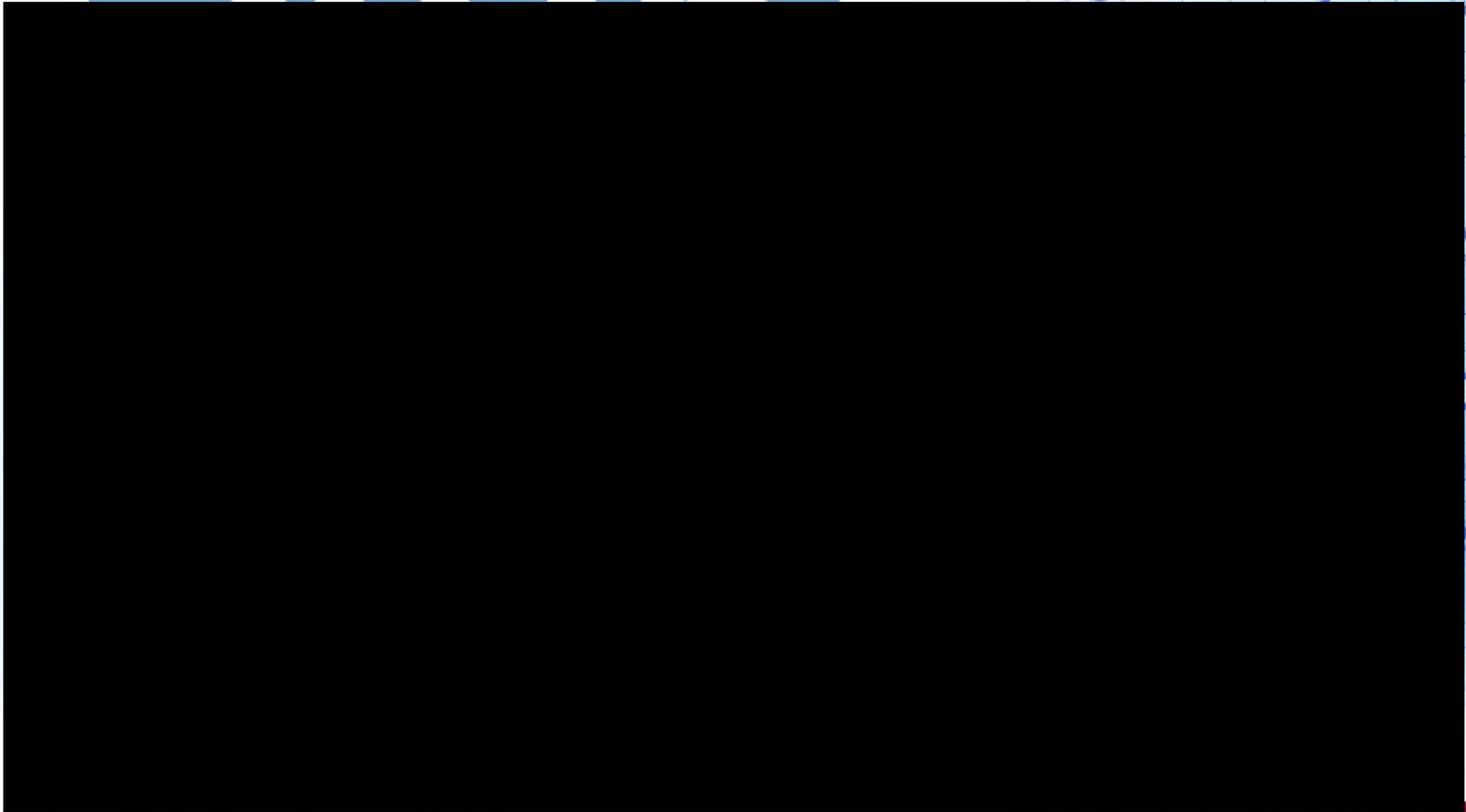


Development  
Services Agency



**Third Frontier**  
Innovation Creating Opportunity

2015



# Metrics Review

# Overview

- Inventory and accounting for a segment of the startup and entrepreneurial space
  - Pre-Seed investments of \$100K+ since 2006
- Focused on 3 key metrics segmented several ways
  - New jobs created, follow-on equity and product sales / revenue
  - By vintage, tech focus area, high performers
- First 6 months of 2015 show continued growth
  - New jobs created has already surpassed 2014
  - Product sales / revenue on pace for best year

# Startup and Early Stage Portfolio

Over 1,200 companies have received assistance with roughly 40% receiving some Pre-Seed investment

- This analysis focuses on the 304 receiving \$100K+ since 2006

**1,200+ Companies**

ESP Services and/or  
Pre-Seed Investment

**474 Companies**

Pre-Seed Investment



**304 Companies**

Pre-Seed Investment of  
\$100K+

# Pre-Seed Investments Since 2006

**304 companies**

**\$144M total invested**

**\$100K+ each**

**2,532**

New Jobs

**\$1.4B**

Follow-on  
Equity

**\$1.0B**

Product  
Sales / Rev.

# Totals by Tech Focus Area

Med Tech and IT continue to be the primary jobs and leverage generators

	All	Medical Technology	Software / IT	Advanced Materials	All Other Tech
Total Companies	304	92	156	24	32
Total Investment \$M	\$144	\$56	\$66	\$10	\$12
New Jobs Created	2,532	840	1,366	130	196
Follow-on Equity \$M	\$1,377	\$725	\$431	\$126	\$98
Product Sales / Rev \$M	\$1,007	\$233	\$548	\$78	\$148

# Sustainability

**Of the 304 companies, 232 (76%) are still actively reporting (216) or have exited (16)**

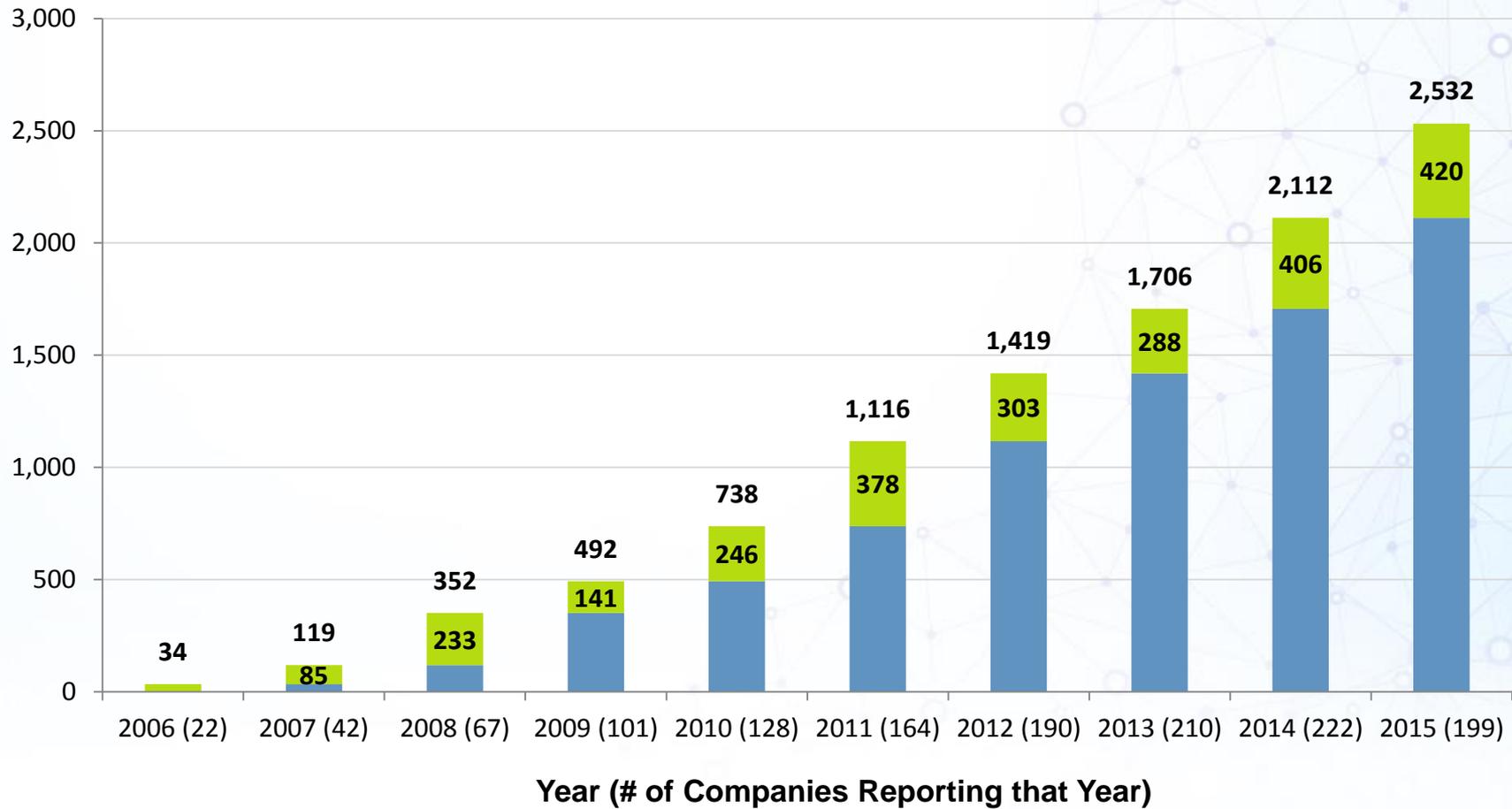
- 9 exits since the beginning of 2014

**Together these 232 companies represent**

- 96% of all jobs created
- 88% of all product sales / revenue generated
- 84% of all follow-on equity raised

# Total New Jobs Created

Green indicates net new job creation from the prior year



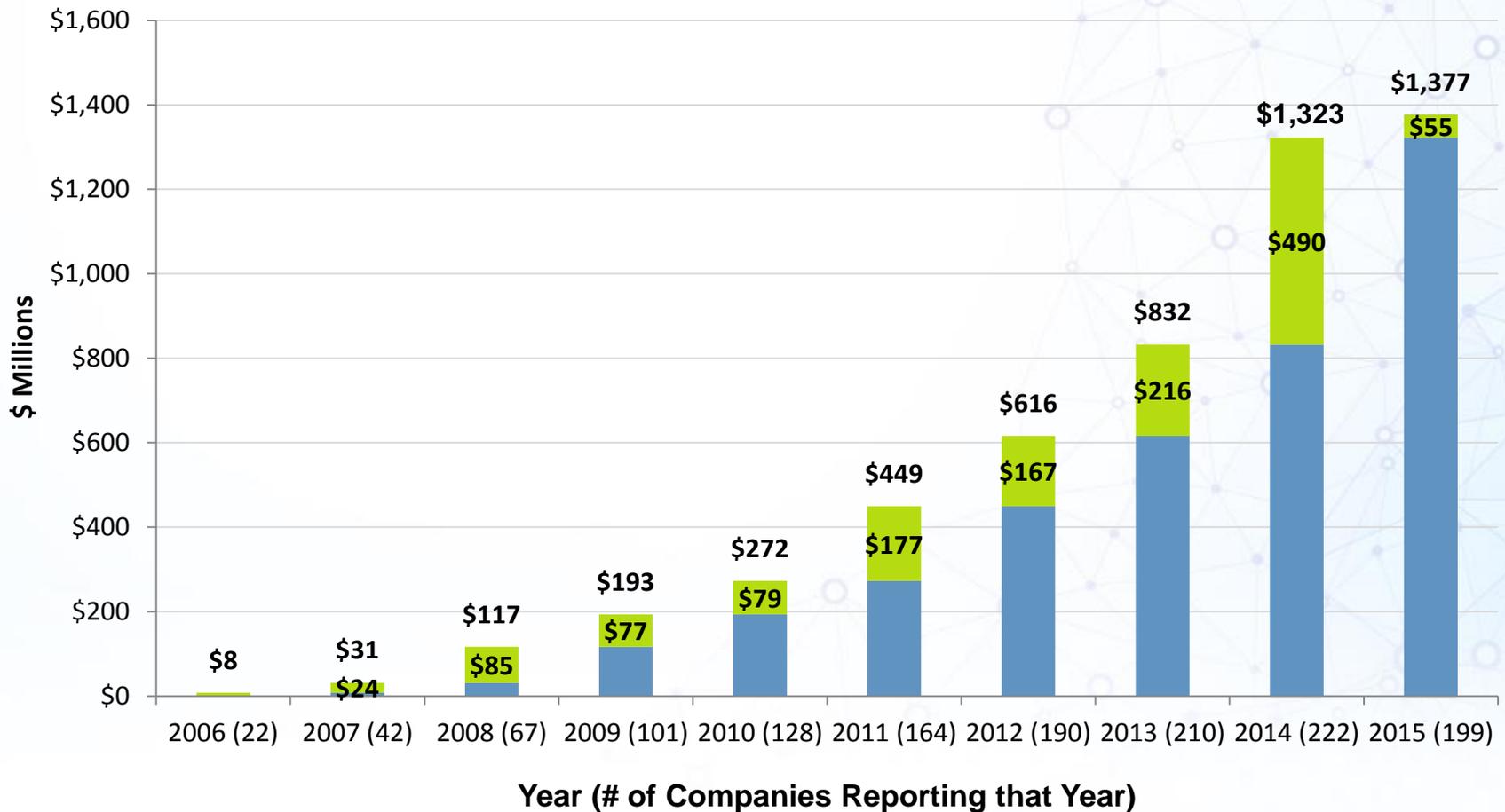
Development  
Services Agency



Third Frontier  
Innovation Creating Opportunity

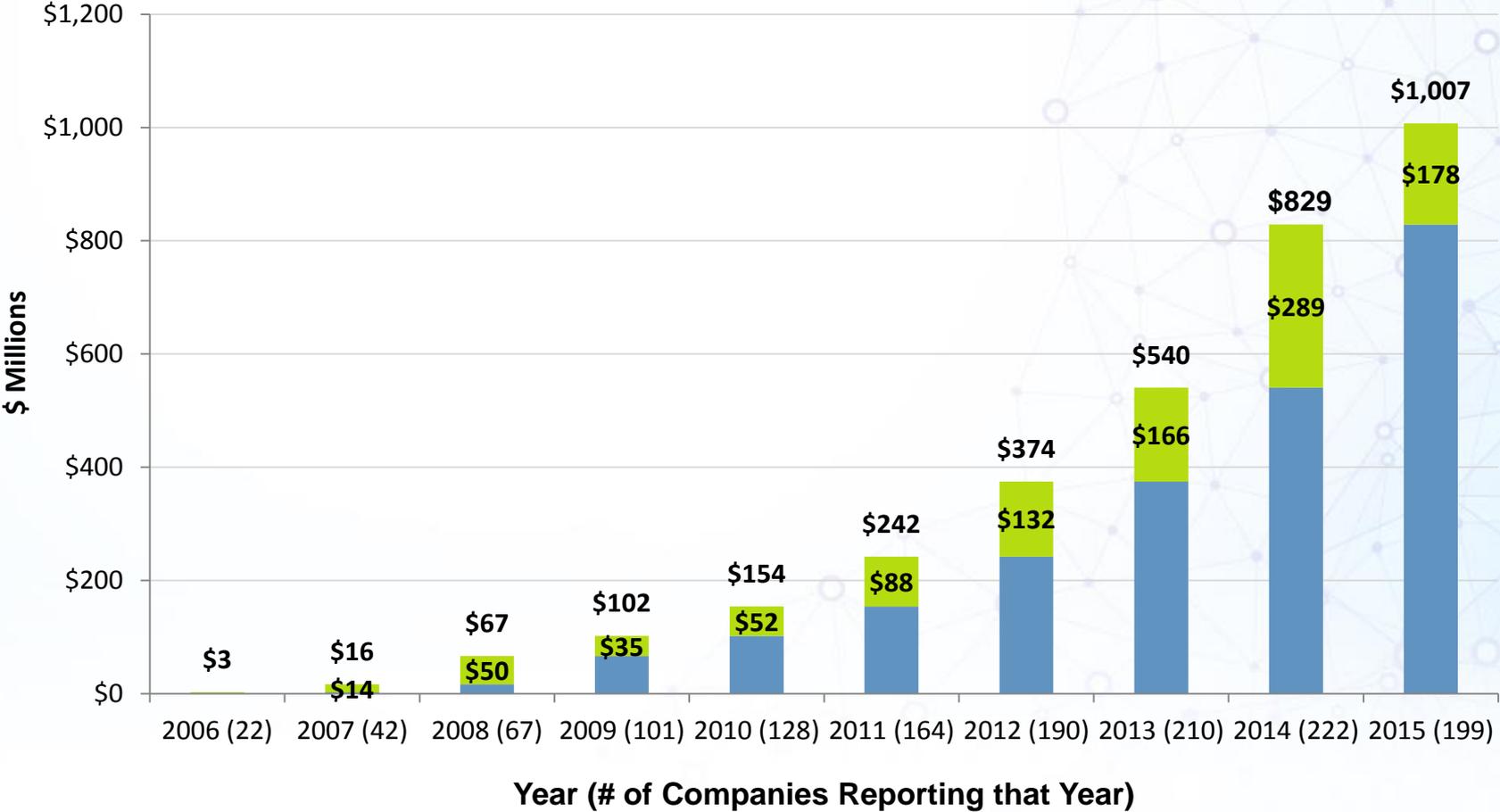
# Follow-on Equity Generated

Green indicates new equity generated in that year



# Product Sales / Revenue Generated

Green indicates new product sales / revenue generated in that year



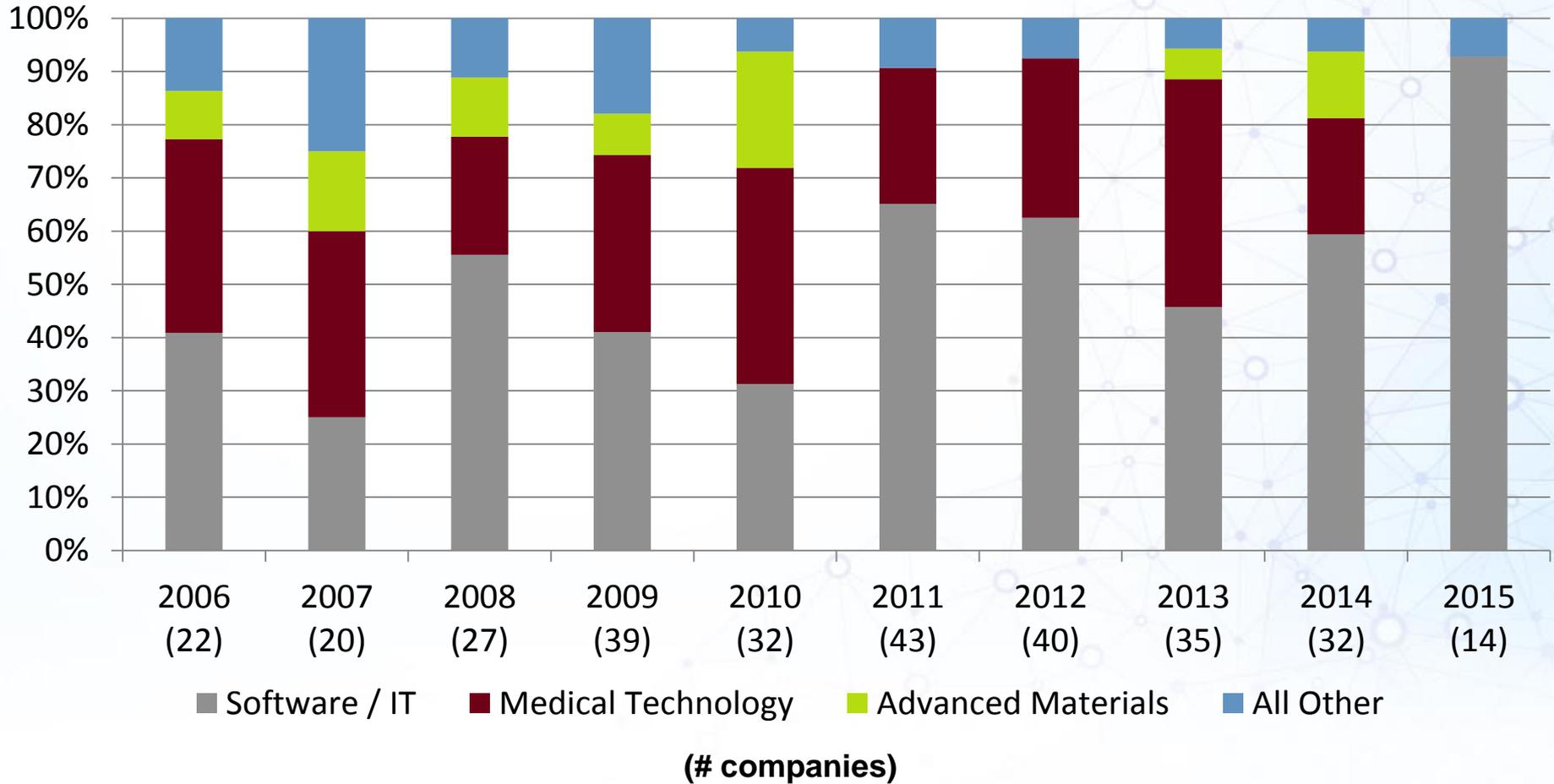
# Metrics by Vintage

Companies are assigned to a vintage based on the year they received their initial investment

	Totals	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Total Companies</b>	<b>304</b>	22	20	27	39	32	43	40	33	32
<b>Total Investment \$M</b>	<b>\$144</b>	\$13.4	\$10.4	\$14.5	\$21.0	\$16.3	\$20.3	\$18.7	\$11.9	\$12.1
<b>New Jobs</b>	<b>2,532</b>	591	114	137	496	468	162	280	102	176
<b>Follow-on Equity \$M</b>	<b>\$1,377</b>	\$236	\$318	\$142	\$165	\$281	\$123	\$64	\$34	\$13
<b>Product Sales \$M</b>	<b>\$1,007</b>	\$281	\$42	\$117	\$222	\$178	\$49	\$70	\$17	\$31

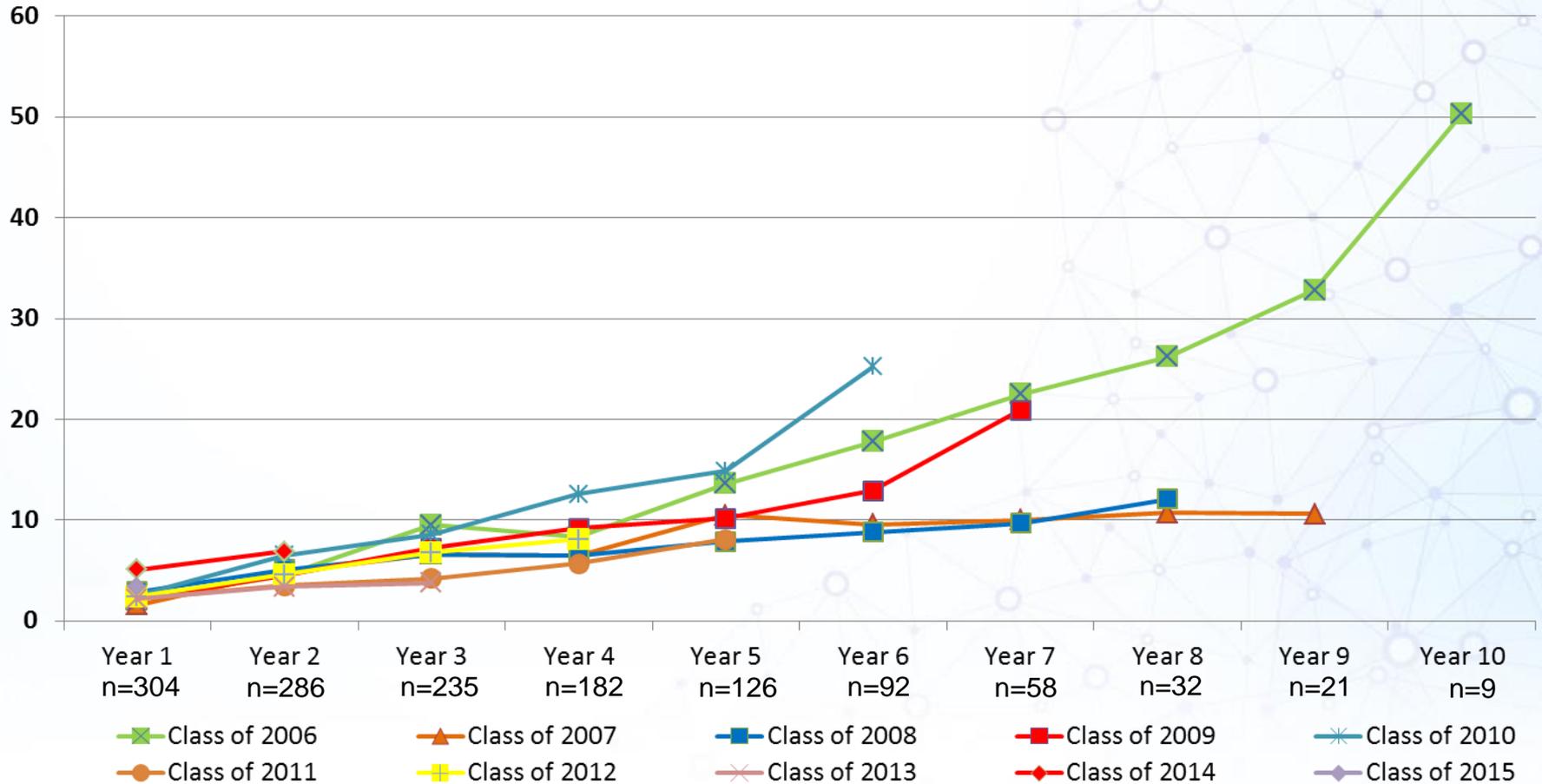
# Tech Focus Areas by Vintage

Investments are increasingly concentrated in med tech and IT



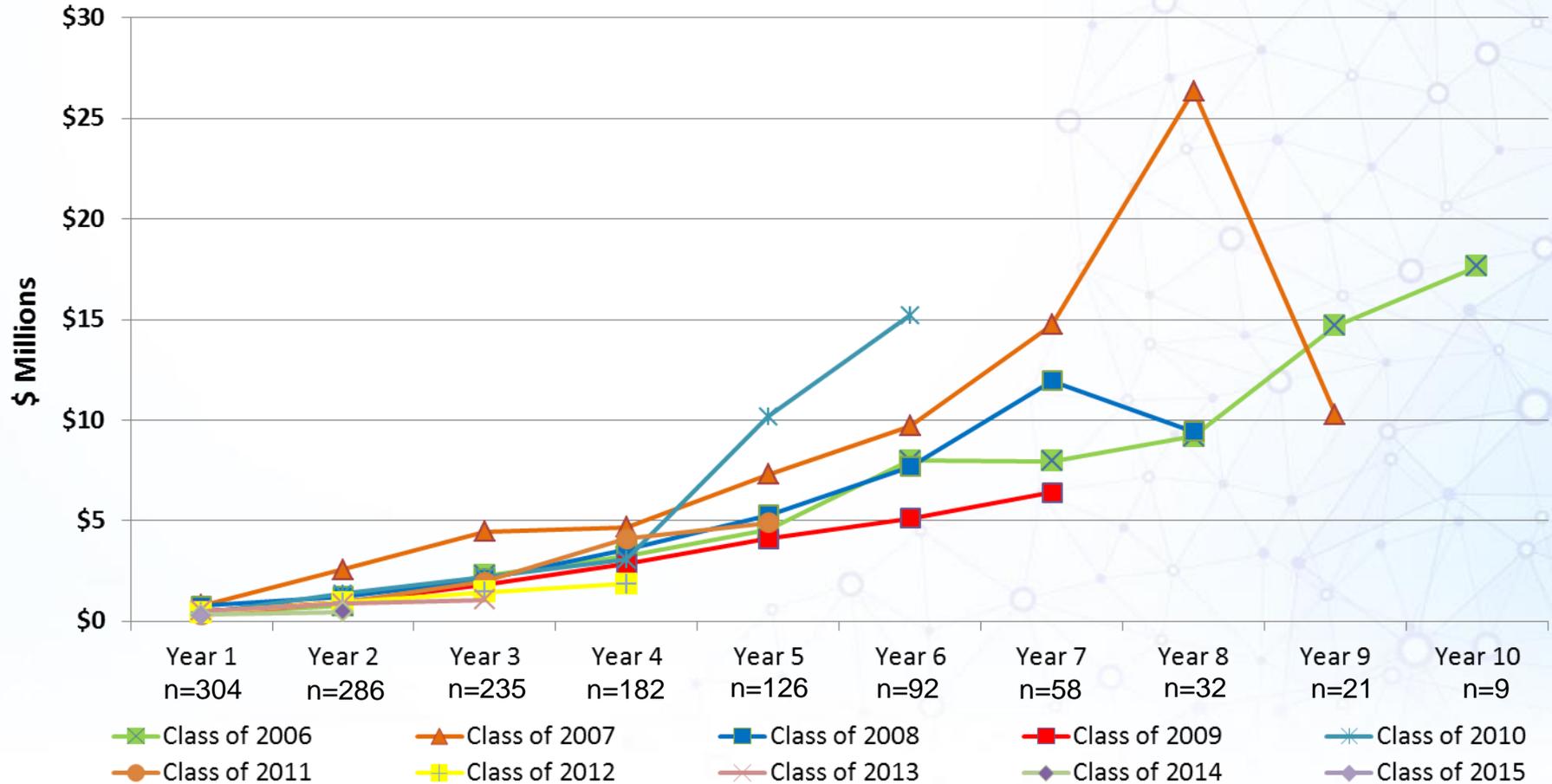
# Jobs Created by Vintage

Per-reporting-company average



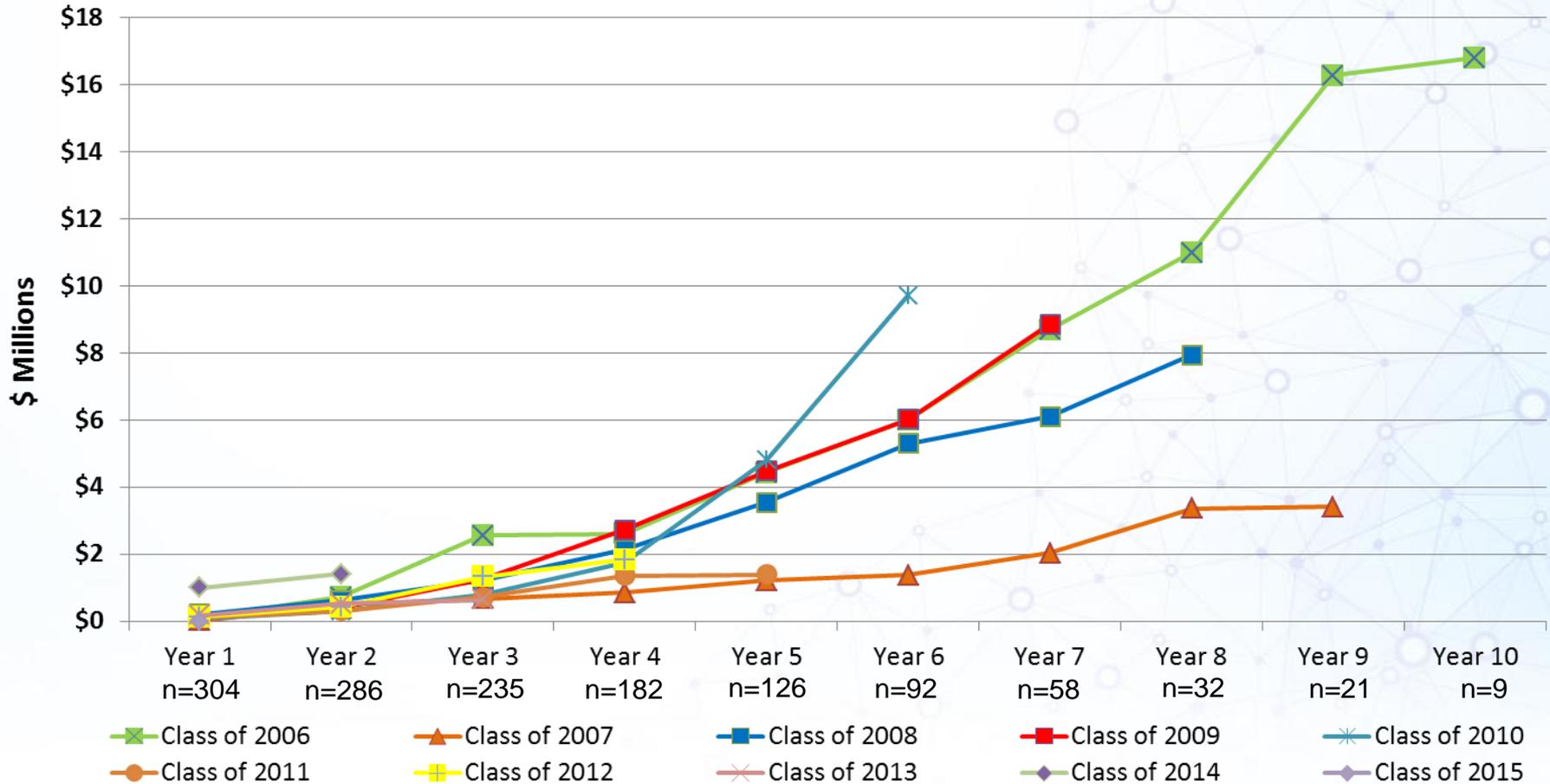
# Follow-on Equity Generated by Vintage

Per-reporting-company average



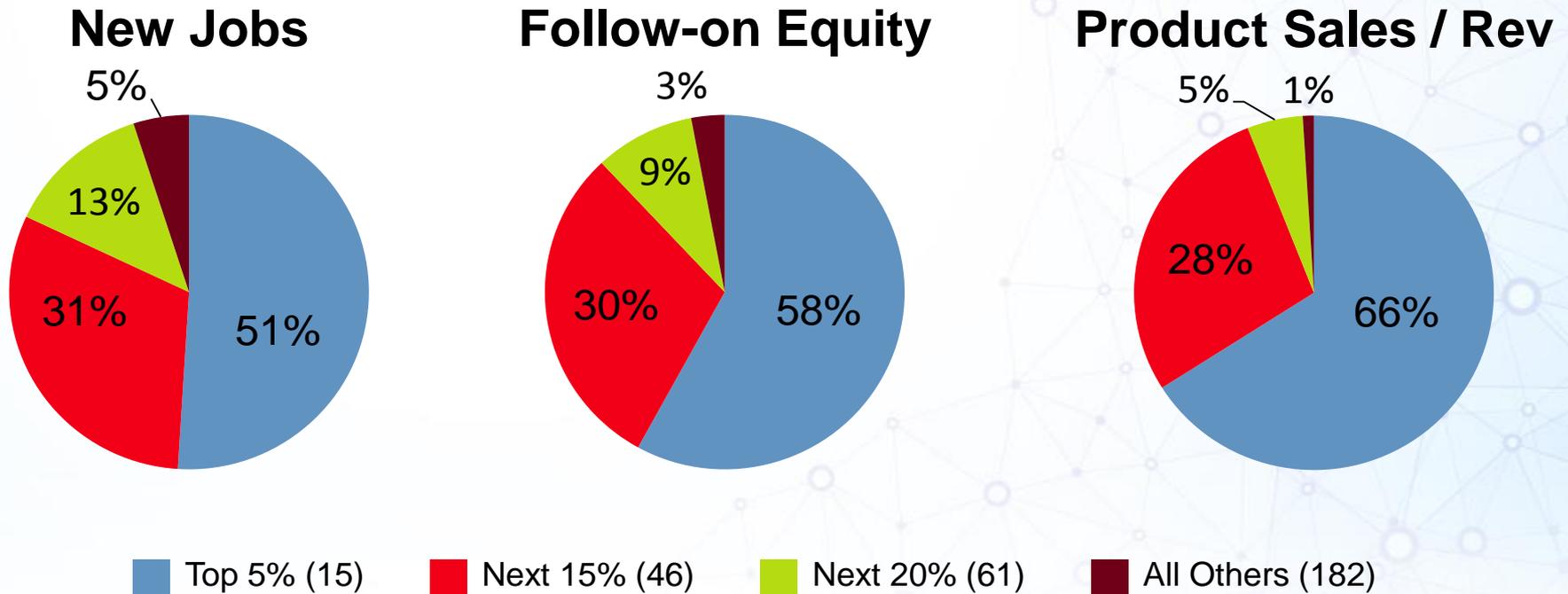
# Product Sales / Rev Generated by Vintage

Per-reporting-company average



# Metric-Specific High Performers

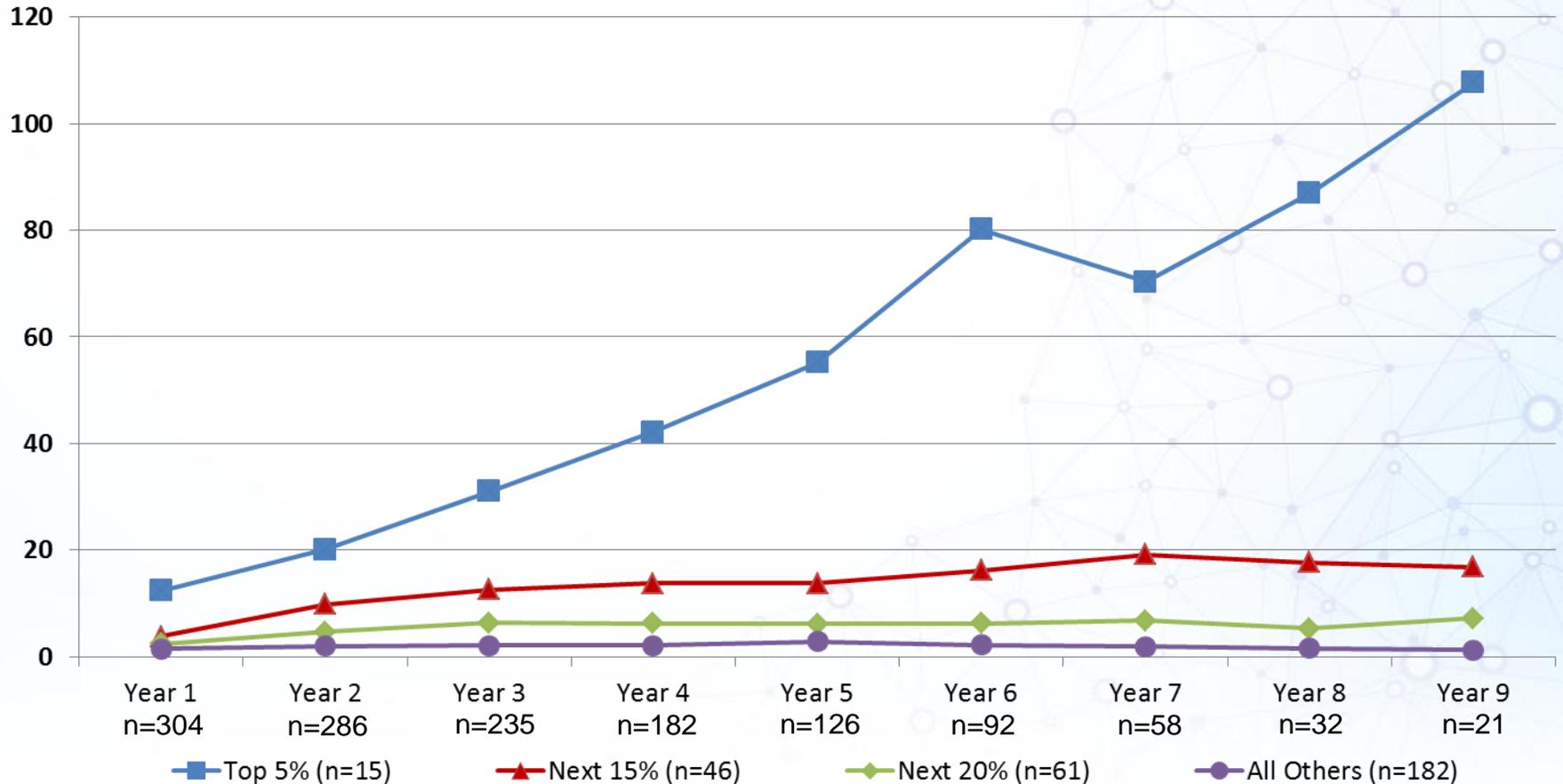
Each chart represents the top companies for that metric (i.e. “blue” companies for jobs may not be “blue” for equity or sales)



(parentheses indicate total companies)

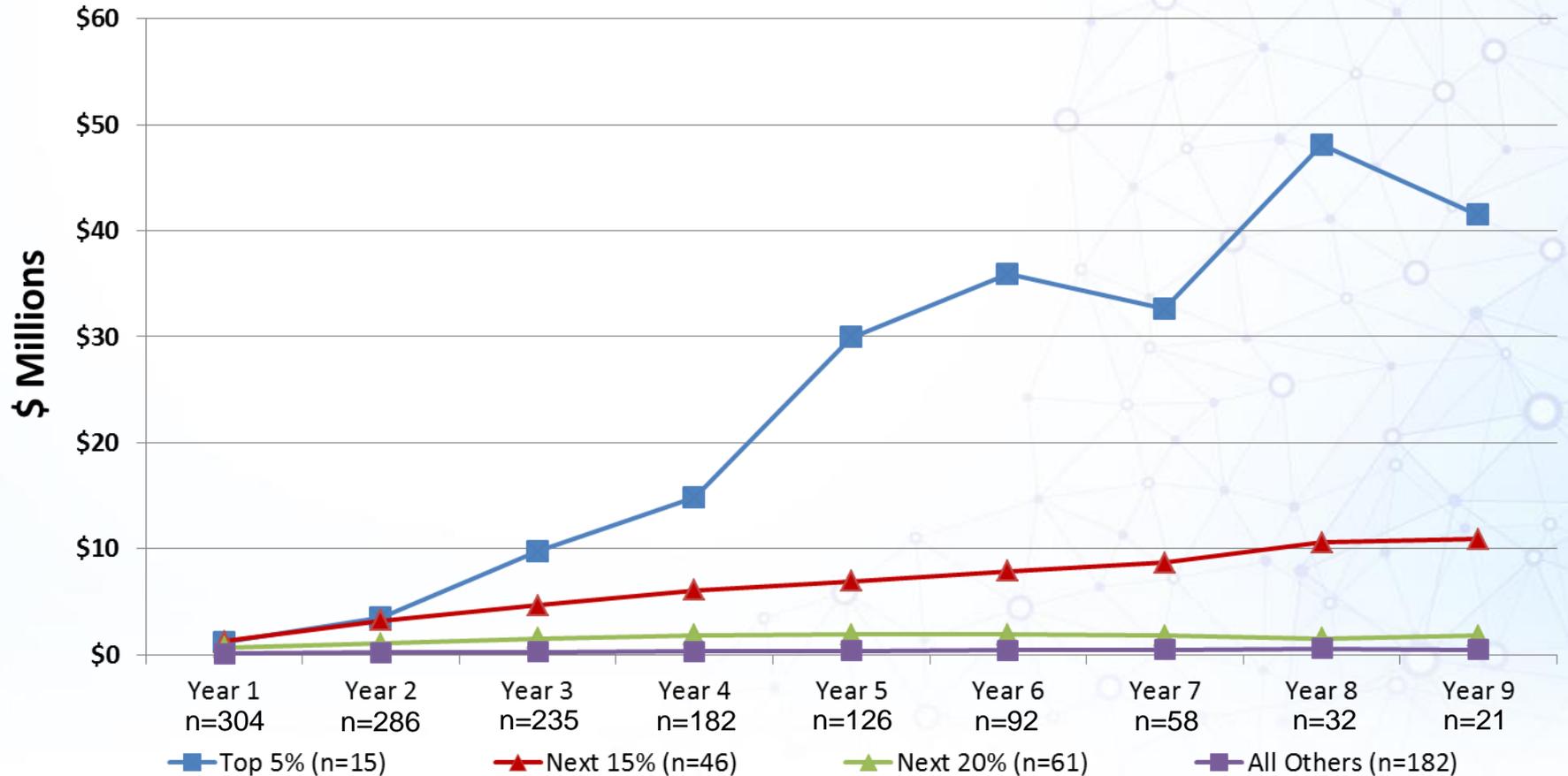
# Jobs Created by Performance Percentiles

Per-reporting-company average



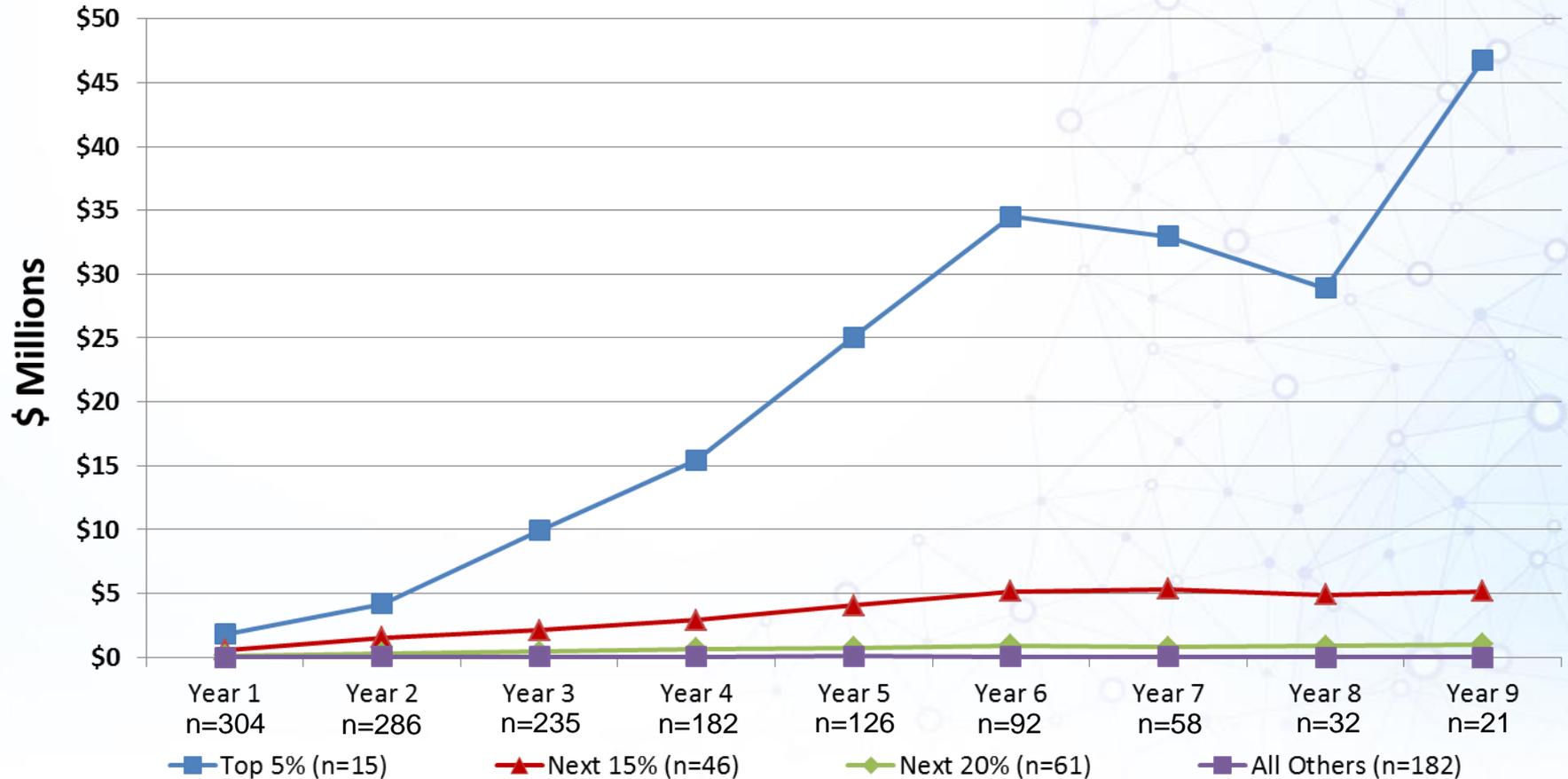
# Follow-on Equity Generated by Performer Class

Per-reporting-company average



# Prod. Sales / Rev Generated by Performer Class

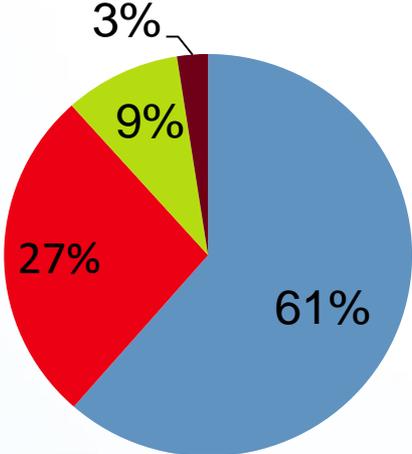
Per-reporting-company average



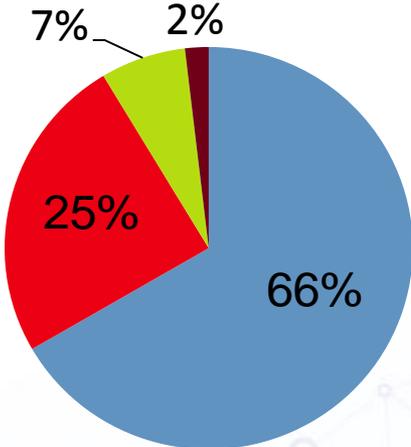
# Composite High Performers – All Metrics

Each pie wedge contains the same companies across metrics (i.e. any and all “blue” companies before are “blue” here)

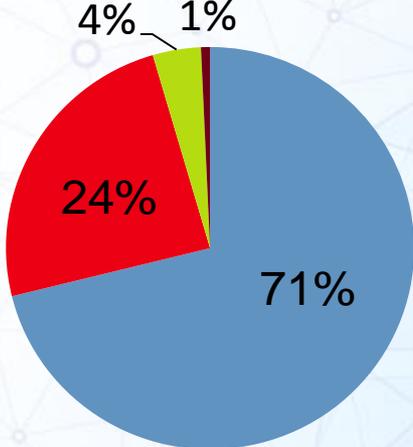
### New Jobs



### Follow-on Equity



### Product Sales / Rev



Blue Group (n=34)    Red Group (n=69)    Green Group (n=80)    All Others (n=121)

# Notable Successes in 2015



Non-invasive cardiac mapping system

Acquired by Medtronic for \$93 million



CRM software for distributors and wholesalers

From 5 to 50 staff; Plans for another 10 by year end



Higher education application management platform

Raised \$3.5 million and landed first \$1M+ contract; expanded from 15 to 22 staff in February alone



Physician connectivity and CRM solutions

#542 on Inc. 5,000; "150 Great Places to Work in Healthcare"



Painless large-volume injection devices

Up to 30 staff; new facility will house R&D, manufacturing and distribution



Ultra-low temperature freezers

26 new staff; revenue doubled over the last 2 years



Economic Intelligence predictive analytics platform

Recently raised \$6.7M series A; 266% year-over-year customer growth since 2012



Workforce management software focused on senior care facilities

20 new jobs in Q1; Up to 90 staff from 2 in 2009



Construction estimating and takeoff software

From 3 employees in 2013 to 25 in 2015; company anticipates another 25 hires in coming 12 months



Development Services Agency



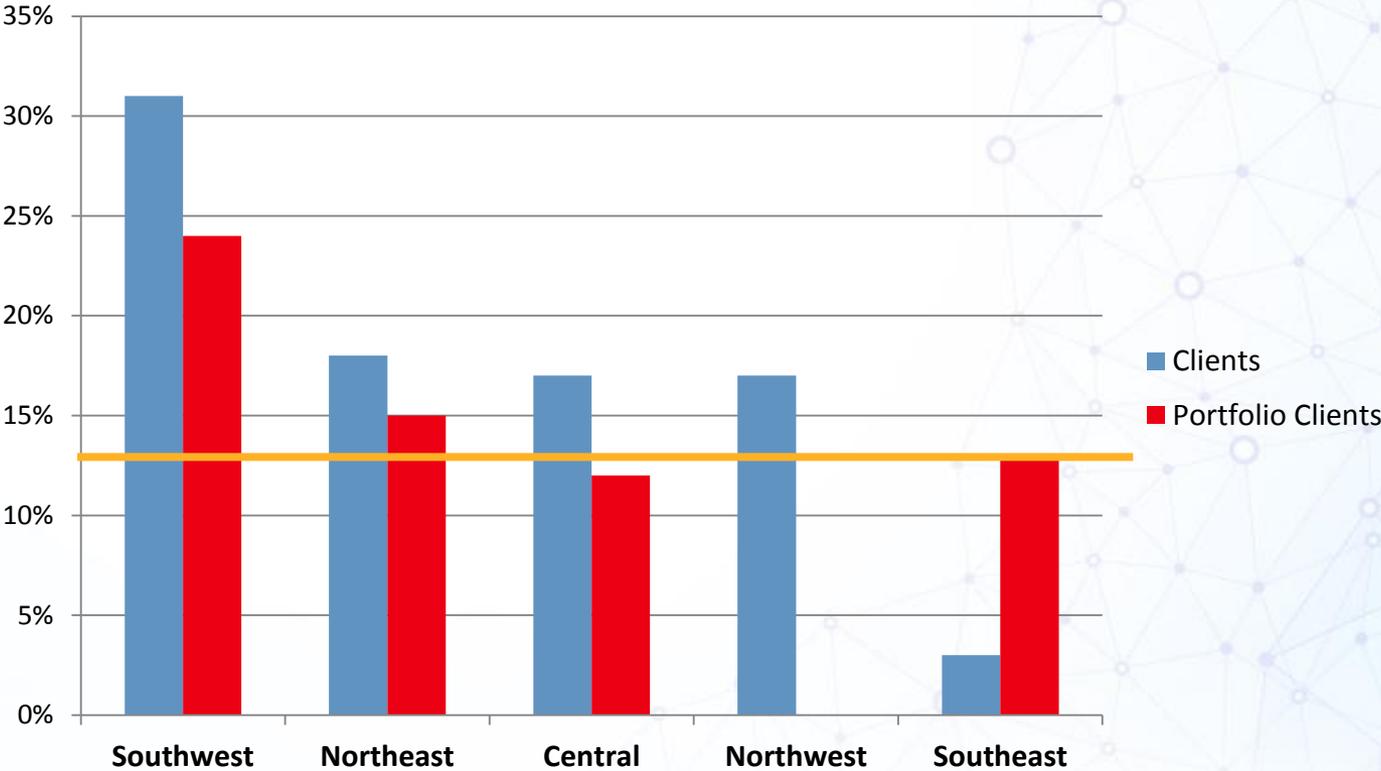
Third Frontier  
Innovation Creating Opportunity

# Questions?

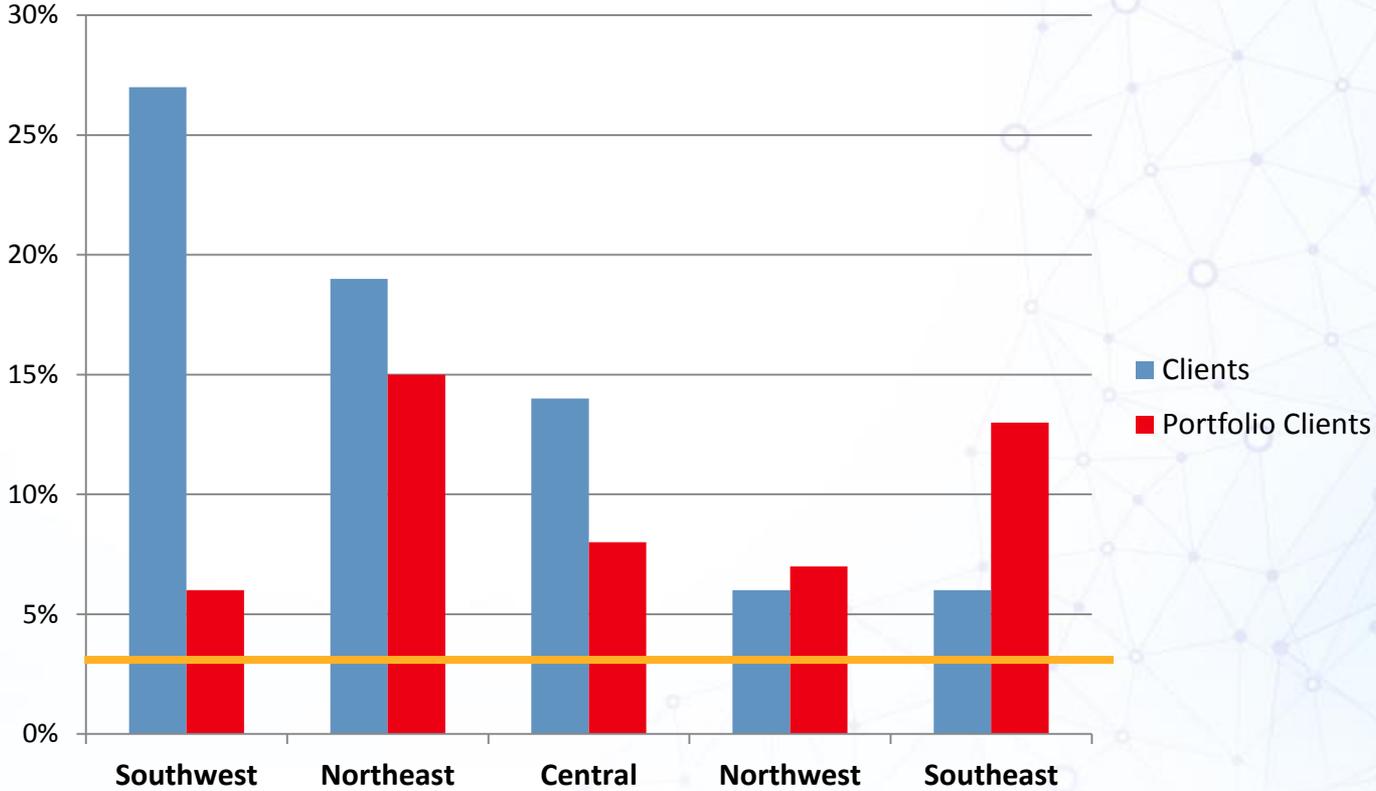
# Inclusion

- Outreach
- Client and Portfolio Composition

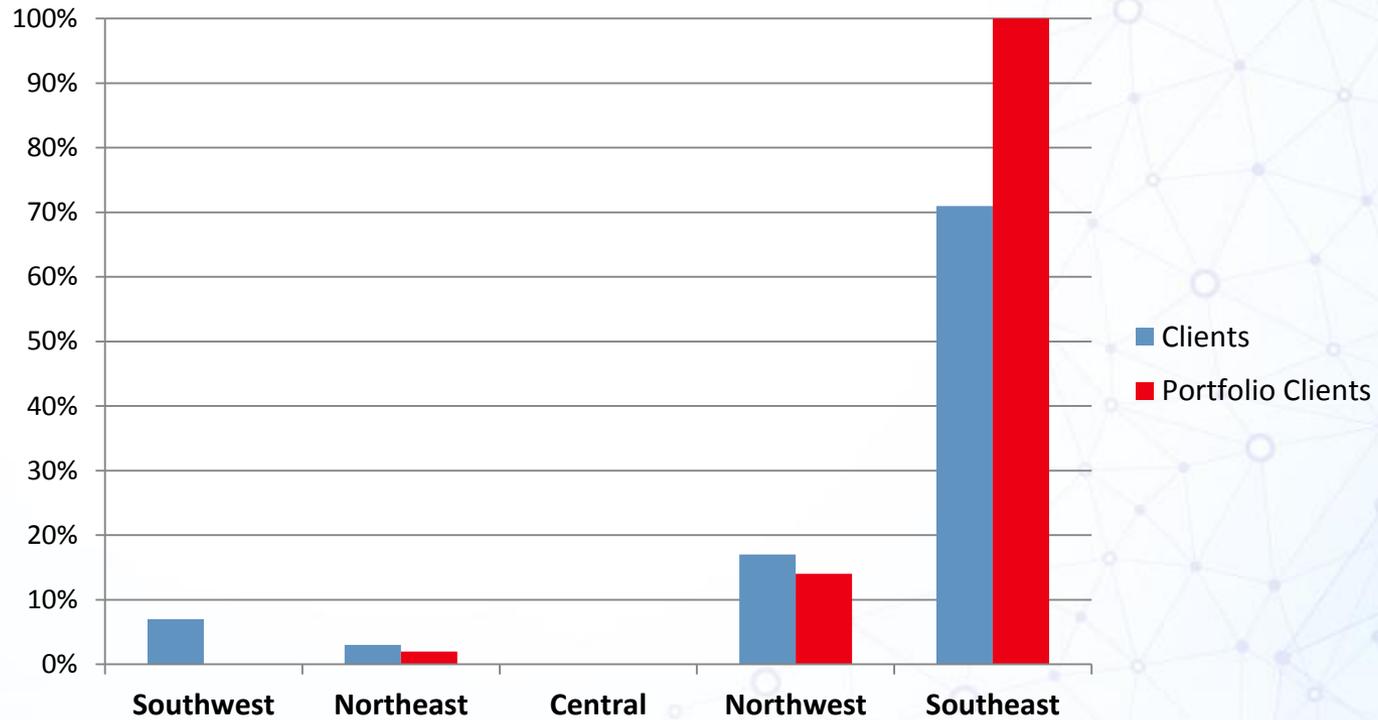
# Racial/Ethnic Minority Percentage



# Women Percentage

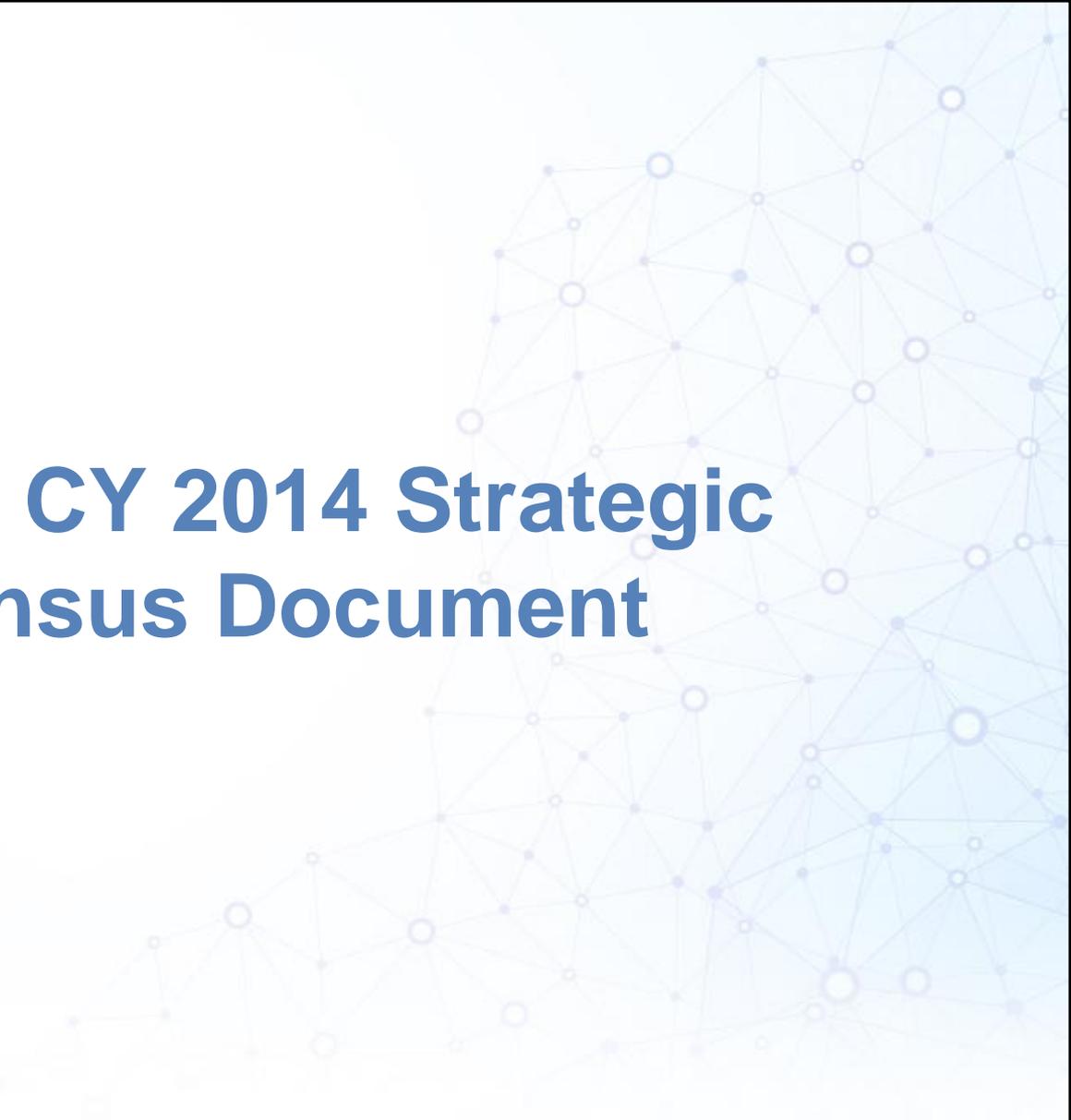


## Rural Percentage



# Total Underserved Client and Portfolio Percentage



A decorative graphic in the top right corner consisting of a network of interconnected nodes and lines, resembling a molecular or data network, in shades of light blue and white.

# Review of CY 2014 Strategic Consensus Document

# Strategic Questions

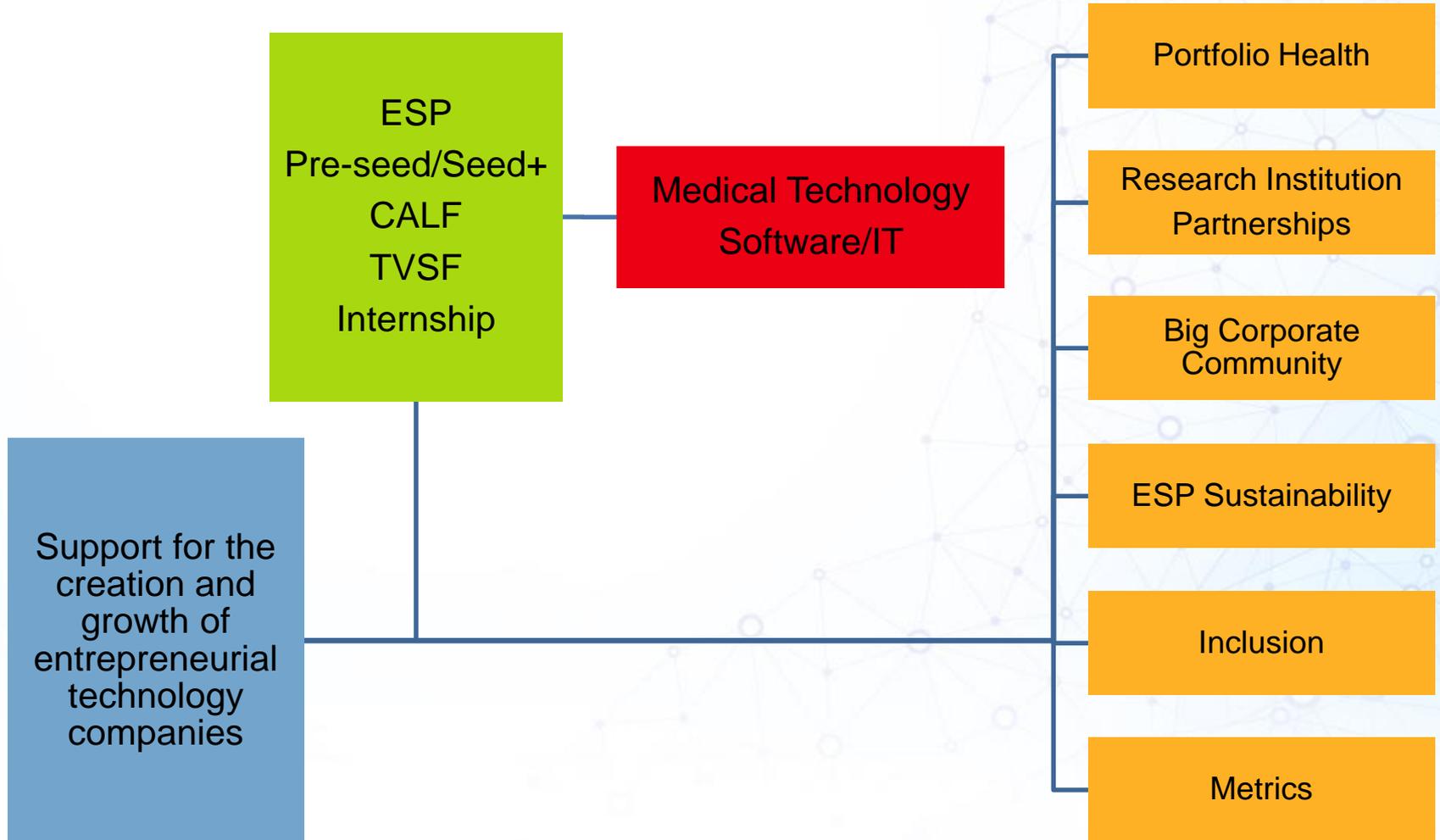
# Pre-Read Topics

ESP Sustainability

Corporate Engagement

Research Institution Partnerships

# Strategic Questions



# Strategic Questions

- How can we achieve the best yield from our current set of programs?
- What are the most important elements of an effective and sustainable entrepreneurial system that should be supported into the future?
- How should Ohio Third Frontier allocate the \$292 million to maximize near-term outcomes and position the system for a sustainable future?



# 2015

Ohio Third Frontier  
**RETREAT**

September 17, 2015



Development  
Services Agency



**Third Frontier**  
Innovation Creating Opportunity

2015



Services Agency



Third Frontier  
Innovation Creating Opportunity



# 2015

## Ohio Third Frontier RETREAT

September 17, 2015



Development  
Services Agency



**Third Frontier**  
Innovation Creating Opportunity

2015

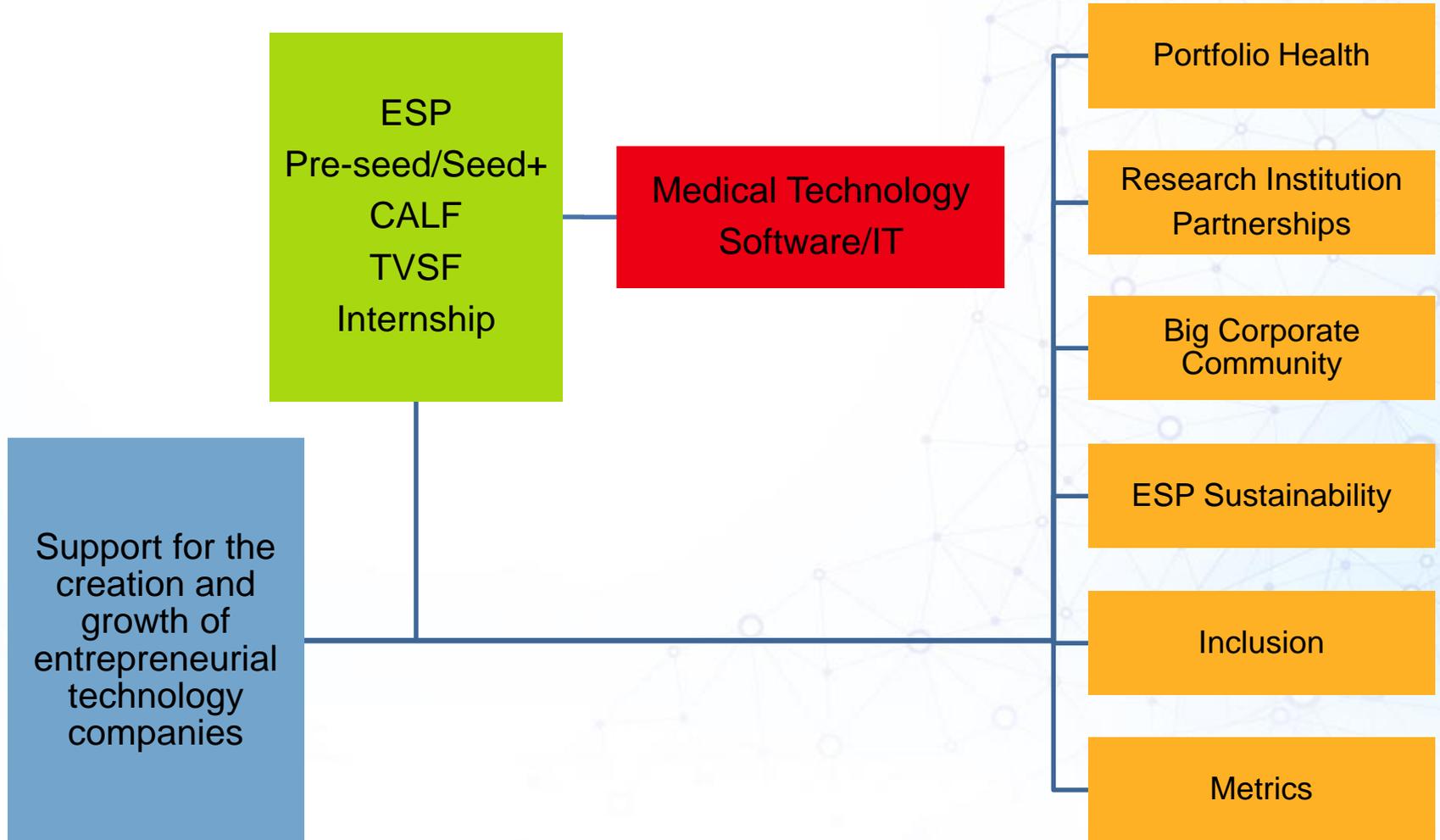


# Moving Forward for CY2016

# Strategic Questions

- How can we achieve the best yield from our current set of programs?
- What are the most important elements of an effective and sustainable entrepreneurial system that should be supported into the future?
- How should Ohio Third Frontier allocate the \$292 million to maximize near-term outcomes and position the system for a sustainable future?

# Strategic Questions



# Breakout Groups

## Group 1

David Goodman

Bill McCreary

David Scholl

Mark Peterson

David Williams

Bill Beagle

## Group 2

Ben Kanzeg

Bruce Langos

Gary Lindgren

Francesca Hartop

Lloyd Jacobs

Rick Perales

## Group 3

Dick Seaman

John Barnard

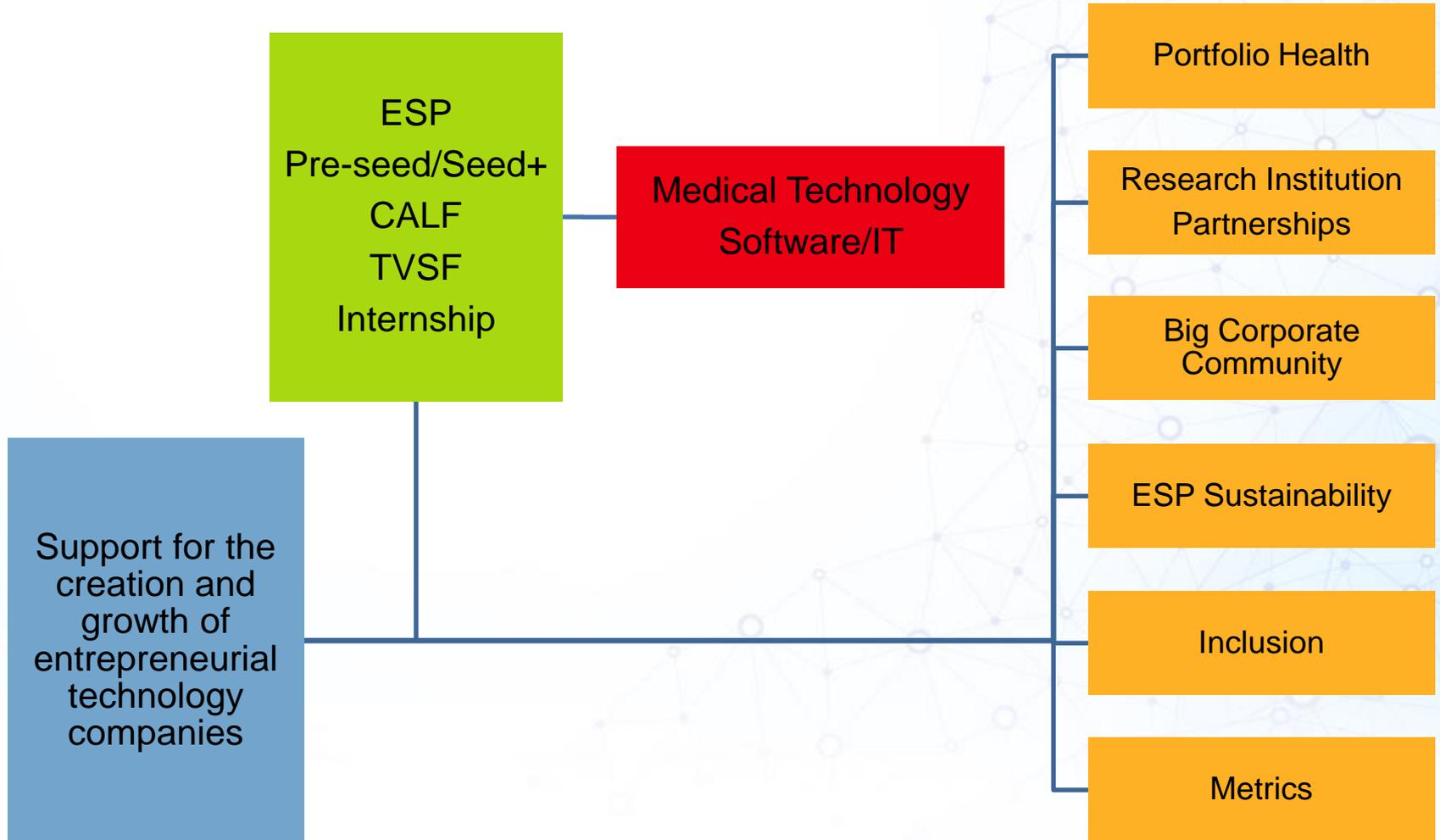
Gary Cates

Mark Collar

Roy Church

Mike Sieron

# Strategic Questions



# Priorities



# 2015

## Ohio Third Frontier RETREAT

September 17, 2015



Development  
Services Agency



**Third Frontier**  
Innovation Creating Opportunity

# 2015



Services Agency



**Third Frontier**  
Innovation Creating Opportunity



# 2015

## Ohio Third Frontier RETREAT

September 17, 2015



Development  
Services Agency



**Third Frontier**  
Innovation Creating Opportunity