Commission Meeting

April 9, 2014

Agenda

10:30	Call to Order	David Goodman (Chair)
	Approval of 02/12/2014 Meeting Minutes **(Vote)**	
10:35	One Fund (Accelerator) **(Vote)**	Mihaela Jekic/ UVG
11:00	Technology Commercialization Center Program	Anthony Howard/ YourEncore
	Neurotechnology Innovations Translator	
11:40	Commercial Acceleration Loan Fund: Update	Diane Chime
11:55	Other Business	All
12:00	Adjourn	

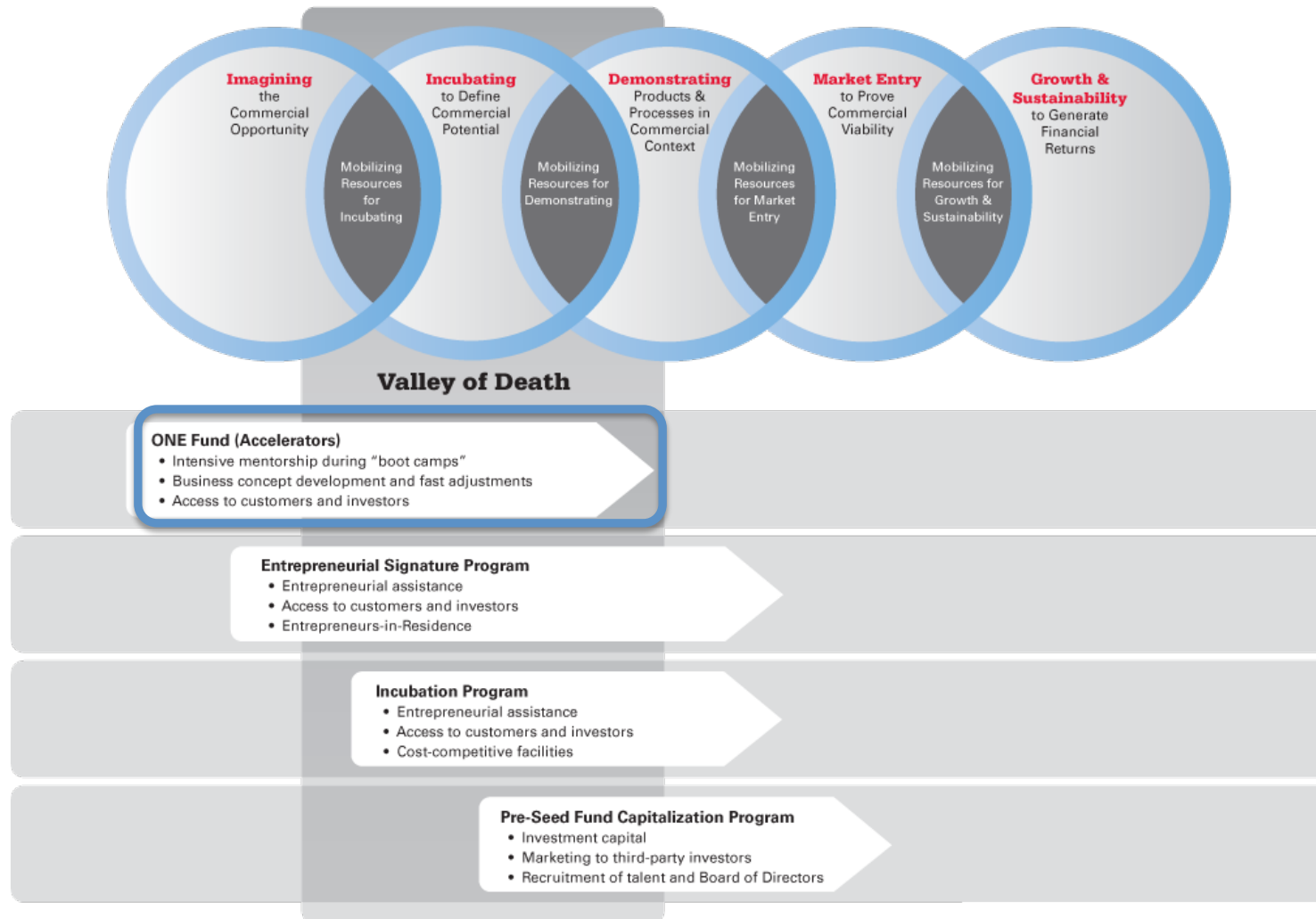# Ohio's New Entrepreneurs (ONE) Fund

2014

Program Description

- Mentorship-driven
- Promising entrepreneurs work intensively under the guidance of seasoned entrepreneurs, industry experts and investors to launch their ventures
- Culminates in investor Demo Day

Innovation and Entrepreneurship

Technology Commercialization Framework

Imagining the Commercial Opportunity

Mobilizing Resources for Incubating

Incubating to Define Commercial Potential

Mobilizing Resources for Demonstrating

Demonstrating Products & Processes in Commercial Context

Mobilizing Resources for Market Entry

Market Entry to Prove Commercial Viability

Mobilizing Resources for Growth & Sustainability

Growth & Sustainability to Generate Financial Returns

Valley of Death

ONE Fund (Accelerators)
- Intensive mentorship during "boot camps"
- Business concept development and fast adjustments
- Access to customers and investors

Entrepreneurial Signature Program
- Entrepreneurial assistance
- Access to customers and investors
- Entrepreneurs-in-Residence

Incubation Program
- Entrepreneurial assistance
- Access to customers and investors
- Cost-competitive facilities

Pre-Seed Fund Capitalization Program
- Investment capital
- Marketing to third-party investors
- Recruitment of talent and Board of Directors

Goals and Objectives

Goals:

- Attract and retain top entrepreneurial talent in Ohio
- Link young companies with follow-on capital
- Create visibility and excitement about entrepreneurship in Ohio

Objective:

- Support Ohio business accelerators which have the potential to become world-class

Program Basics

Lead Applicants: Ohio business accelerators

Funding: $1.2 million; Support up to 12 teams of entrepreneurs per accelerator at $20,000 per team

External Evaluator: Urban Venture Group

FY 2014 ONE Fund
Evaluator's Report

April 9, 2014

Applications Received

Proposal Number	Applicant	Accelerator Name	Funds Requested
14-200	FlashStarts, Inc.	FlashStarts	$240,000
14-201	Main Street Ventures	The Brandery	$240,000
14-203	Bizdom Fund	Bizdom	$240,000
14-204	UARF	MEDLaunch	$240,000
14-205	LaunchHouse	LaunchHouse Accelerator	$200,000

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Evaluation Results

Ctrl #	Accelerator	Stage 1 Review	Criteria					Recommendation	
			1	2	3	4	5	Teams	Funding
14-200	FlashStarts	Pass	→	→	→	↗	↗	12	$240,000
14-201	The Brandery	Pass	↑	↑	↑	↑	↑	12	$240,000
14-203	Bizdom	Pass	→	↗	↗	↗	↗	12	$240,000
14-204	MEDLaunch	Pass	↘	↘	↓	↘	↓	Do not fund	
14-205	LaunchHouse	Pass	↗	↗	→	→	→	10	$200,000

Criteria:
1. Likelihood of World-Class Accelerator
2. Mentor Network
3. Funding & Sustainability
4. Resources Available to Team
5. Likelihood of Achieving Performance Goals

Legend

↑	Excellent
↗	Good
→	Acceptable
↘	Poor
↓	Unacceptable

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FlashStarts

Ctrl #	Accelerator	Merit Criteria					Recommendation	
		1	2	3	4	5	Teams	Funding
14-200	FlashStarts	→	→	→	↗	↗	12	$240,000

Strengths

- $1 million seed fund
- Led by experienced serial entrepreneurs
- Novel internship program
- Clear technical focus on B2B and B2C software
- Likely to continue to generate positive impacts for Ohio

Weaknesses

- Lack of differentiation from other accelerators
- Few established relationships with external funding sources

The Brandery

Ctrl #	Accelerator	Merit Criteria					Recommendation	
		1	2	3	4	5	Teams	Funding
14-201	The Brandery	↑	↑	↑	↑	↑	12	$240,000

Strengths

- Ranked #10 Accelerator in 2013
- Impressive economic impacts for Ohio
- International network of engaged investors
- Global pipeline of applicants
- Deep, committed mentor network
- Effective, innovative curriculum

Weaknesses

- None noted

Bizdom

Ctrl #	Accelerator	Merit Criteria					Recommendation	
		1	2	3	4	5	Teams	Funding
14-203	Bizdom	→	↗	↗	↗	↗	12	$240,000

Strengths

- Well-connected in finance and entertainment focus area
- Well-aligned mentor network
- Add-on funding available to teams
- Well connected with regional investors
- Strong commitment to Ohio

Weaknesses

- Little national or international reputation or outreach

LaunchHouse

Ctrl #	Accelerator	Merit Criteria					Recommendation	
		1	2	3	4	5	Teams	Funding
14-205	LaunchHouse Accelerator	↗	↗	→	→	→	10	$200,000

Strengths

- Flexible, lean operation
- Passionate leadership
- Differentiating focus area: Robotics and user interface
- National and international recognition

Weaknesses

- Lacking deep resources to support hardware technology focus

MedLaunch

Ctrl #	Accelerator	Merit Criteria					Recommendation
		1	2	3	4	5	
14-204	MedLaunch	↘	↘	⬇	↘	⬇	Do Not Fund

Strengths

- Well aligned with regional strength in medical technology
- Impressive list of potential collaborators

Weaknesses

- No tangible evidence of commitment from collaborators
- Lack of dedicated staff and sustainable funding
- No engagement with investment community
- Curriculum not tailored for health care acceleration

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Questions?

Evaluation Criteria Descriptions

The following slides may be used to respond
to specific questions from Commissioners

1) Likelihood of World-Class Accelerator

World-class accelerators should have a clear value proposition to both entrepreneurial teams as well as to investors. Accelerators should be likely to achieve substantial economic impacts and raise the national and international profile of the Ohio accelerator community. Programs should align with OTF and ONE Fund mission and goals. Individual considerations include:

- Clear value proposition for top tier teams;
- Innovative accelerator program;
- Awareness of best practices and approach to use them;
- Defined brand;
- Appropriate plan for marketing and outreach;
- Intensity, definition, and quality of program;
- Garners national / international attention & attracts quality entrepreneurs; and
- Well-connected with innovation and business communities.

2) Mentor Network

Accelerator programs should have a deep and committed pool of mentors with expertise that aligns with their focus. Mentor resources sufficient to support the scope and goals of the accelerator. Individual considerations include:

- Breadth, depth, and relevant experience of mentor network;
- Expertise of named mentors;
- Clear evidence of commitment of mentors (e.g., time commitments, access to professional network, etc.);
- Clearly defined expectations for mentors; and
- Evidence of access to relevant customers or other stakeholders through mentors.

3) Funding & Sustainability

Accelerators should present a compelling plan for financial and programmatic sustainability. Plans should be substantiated by a track record of attracting the capital and human resources necessary to sustain the accelerator. Clear plans should be in place to attract mentors and investors. Procedures should be established to support team attraction and selection. Individual considerations include:

- Availability of financial and other resources to sustain the accelerator;
- Clear path to and timeframe for self-sustainability of the accelerator;
- If previously supported by the State, progress toward sustainability;
- Sustainable marketing plan to attract applicants;
- Focus on attracting and retaining talent in Ohio;
- Sustainable source of mentors, capital, and other resources; and
- Defined, reasonable team selection process including recruitment, application, selection, and screening.

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4) Resources Available to Teams

A key to attracting high quality teams to an accelerator is a compelling set of resources. These include business and market expertise, capital, and unique technical assets to support product development. Individual considerations include:

- Strong mentor and investor connections;
- Accelerator staff expertise and commitment;
- Quality and availability of services tailored to new ventures (e.g. legal, accounting, business & technical validation, marketing, sales, IT);
- Timeliness of service availability;
- Evidence of commitment from service providers;
- Well defined Demo Day attended by relevant stakeholders;
- Focus on educating new entrepreneurs;
- Quality, dedicated accelerator facility; and
- Facilities suitable and tailored for early stage ventures.

5) Likelihood of Achieving Goals

Funded teams should have the necessary structures and feasible plans in place to maximize the likelihood of achieving performance goals. This includes well defined programs, methods, milestones, and quantitative goals. A track record of success is a critical factor in evaluating the likelihood of achieving performance goals. Individual considerations include:

- Highly defined programmatic structure;
- Clearly defined and quantified performance goals;
- Well-articulated methodologies for achieving goals;
- Milestones or intermediate objectives defined;
- Performance goals align with those articulated in RFP;
- Aligned and meaningful goals relative to scope/focus of accelerator;
- Goals reasonable compared with past performance of accelerator.

Technology Commercialization Center Program

Technology Commercialization Center Program

What is a Technology Commercialization Center?

➢ Very large, highly specialized and technologically focused center.

➢ Nationally recognized.

➢ Very deep pipeline of opportunity.

➢ Center is concentrated at a single lead institution.

➢ Led by a board and staff with tech-industry expertise and investment capital experience.

Technology Commercialization Center Program

What will be done with grant funding/type of activities?

➢ State funds matched w/ $2 cash for every $1 of grant funding, ½ of the match must come from private industry and for-profit investment sources.

➢ Acceleration of technology to commercialization in Ohio.

➢ Capitalization of multiple Ohio start-up companies.

TCC Program activity to date

➢ In receipt of two proposals
  ➢ University Hospitals-HDI
  ➢ OSU Neurotechnology Innovations Translator

➢ Two other letters of intent
  ➢ Cleveland Clinic Orthopedics Center
  ➢ University of Akron Polymers Center

![YourEncore logo]

Innovative Results through Proven Expertise

Technology Commercialization Center Program

Proposal: Ohio State University
Neurotechnology Innovations Translator

Agenda and Process Update

Technology Commercialization Center Program (TCCP)

- Agenda
  - *Ideal candidate profile*
  - *Applicant overview*
  - *Proposal details*
  - *Initial proposal evaluation*
  - *Next steps*

- TCCP – YourEncore review process
  - *Initial Evaluation of Proposal (Complete)*
  - *OTF Commission Input (Pending)*
  - *Further Due Diligence – contingent on Commission input (Apr-May)*
    - Written questions to applicant
    - Onsite interview, due diligence discussions, facility/resources review
  - *Final Evaluation (May)*
  - *Report Funding Recommendation/Applicable Revisions to Proposal to Commission (Jun)*

Ideal Candidate Profile
Technology Commercialization Center Program (TCCP)

- The ideal candidate for the TCCP should be able to
  - *Effectively and efficiently identify the most promising technologies from a very deep pipeline and deal flow of emerging technologies from within its core focus area*
  - *Develop from within/Attract from outside those technologies based on*
    - World-class reputation
    - Experience
    - Capabilities
    - Access to investment capital
    - Proven track record for technology development
  - *Attract $2 of cash cost share for every $1 of OTF funds with at least half the required cash cost share from industry and private investment capital*
  - *Commercialize the technologies in Ohio, with scale and business focus to drive significant economic impact*
  - *Present a clear and compelling value proposition for a return on investment of OTF funds*

Neurotechnology Innovations Translator

Applicant Overview

- The Neurotechnology Innovations Translator (NIT) is a for-profit company focused on accelerated development and spin-out of neurotechnology-related innovations

- Supported by an extensive network of collaborators and partners, centered in Ohio and leveraging core areas of Ohio strength and research interest

- Focused on significant unmet needs in neuroscience, using novel approaches and leveraging top-tier expertise at Ohio State University (OSU)

- Attracted interest from private sources of capital, underscoring the unmet need and potential for blockbuster products

- Dedicated to acceleration of technology development leveraging the ecosystem being created by this initiative, de-risking high potential technologies and creating sustainable neurotechnology spin-out companies in Ohio.

- Spin-outs will be supported by TCC funds and investors in the Strategic Capital Commitment Fund (SCCF)

Proposal Details

Funding sources

- Requesting $21.06 million from the State, with an intended 2:1 match
  - *Total potential commitments of $123 million in cash cost share*
  - *These commitments are contingent on award of grant and dependent on investment portfolio fit of spin-out technologies for private investors*
  - *Additional support resources available from a variety of partners in Ohio and nationally*
- OSU committing $10 million for direct investment in companies created and/or supported by the NIT as well as contributing additional support resources
- Medtronic will invest up to $10 million to the SCCF as well as contribute additional support resources
- Cardinal Health will invest up to $3 million to the SCCF
- Other potential investment sources, via commitment letters, include Battelle and 8 venture capital funds which could amount to as much as $100 million

Proposal Details

Funding uses

- OTF funds will be primary support mechanism for technology development prior to spin-out
  - *As noted, OSU and Medtronic will also offer significant support resources – existing personnel, facilities, equipment*
  - *Other partners offering support resources include Battelle, AFRL, NAMSA, Summa Western Reserve Hospital, MetroHealth, Wright State University and Advratech*
  - *OTF funds will cover the majority of the NIT operating expenses and cash outlay for development work*
  - *OTF funds will support a minority share of NIT company expenses, but still an important subsidy*
- Private Collaborator cash cost-share will be realized later in the grant period, but could be significant and will support new company development and commercialization efforts

Proposal Evaluation

Executive Leadership

- The two co-founders of the NIT are:
  - *Ali Rezai (NIT Co-Founder and Principal Investigator)*
    - 20% time commitment to NIT
    - Director of OSU Neuroscience Program
    - Strong innovation track record with 35 issued patents and 50 applications pending, founder of or participation in numerous neuroscience start-ups
  - *Kevin Wasserstein (NIT Co-Founder and Managing Director)*
    - 90% time commitment to NIT, will oversee NIT and NIT company development
    - Has raised over $900 million in total capital across two venture funds
    - Has been involved with or responsible for oversight of dozens of medical technology and health care companies

Proposal Evaluation

Governance and oversight

- The NIT will be governed by:
  - *NIT Operations Board*
    - Caroline Whitacre (Board Chair, VP of Research for OSU)
    - Kevin Wasserstein (Board Member)
    - Ben Pless (Board Member, CEO of ATI)
    - Ali Rezai (Non-Voting Observer)
  - *NIT Company Selection and Oversight Board*
    - Kevin Wasserstein (Board Chair)
    - Ali Rezai (Board Member)
    - Don Casey (Board Member, CEO of Cardinal Health)
    - Ben Pless (Board Member)
    - Tom Tefft (Board Member, President of Medtronic's global Neuromodulation business)
    - Caroline Whitacre (Non-Voting Observer)
    - TBD Invited Technical Representative from Medtronic (Non-Voting Observer)

Proposal Evaluation

Promise of the Proposal

- Ohio-Centric, integrated ecosystem with committed partners and collaborators create a unique Ohio signature and potential for speed to market

- Ecosystem around the NIT will provide resources not typically available to start-up companies, driving efficiency and leveraging unique capabilities

- Addressing a nascent, but rapidly growing area of innovation

- A pipeline already exists based on OSU's patent portfolio and leading expertise; first spin-outs may happen quickly

- Company spin-outs will be done in alignment with private capital sources, ensuring near-term success, with potential to attract significant amounts of private capital

Proposal Evaluation

Areas of Concern

- 2:1 Cash Cost Share is not a firm commitment, and precise structure and terms of the commitments will need to be clarified

- OTF, therefore, carries most of the up-front costs and risk, to the benefit of private collaborators

- Long-term viability is in question – de-risked opportunities will always attract interested parties, but no apparent source of high-risk development dollars exists

- Potential for conflicts in governance structure, as key decision makers may have divergent needs and may act in self-interest, not in the interest of the NIT or Ohio

- Medtronic offers several positives (resources, expertise, industry-leading partner) but may also dominate the decision making process and/or reduce potential returns for the NIT or Ohio

- Unproven model – if the efficiencies and throughput promised aren't delivered, returns to Ohio may be greatly diminished

Next Steps

- YourEncore recommends moving forward into deeper-dive due diligence for the NIT grant request:
  - *Submission of written questions to applicants*
  - *Onsite due diligence visit and in-depth interviews*
  - *Present final findings and recommendation to OTF Commission in June or September*

Visit our website at: www.yourencore.com

Commercial Acceleration Loan Fund Status Update

Early Stage Loans – Pipeline Review

Ohio Third Frontier - Commercial Acceleration Loan Fund
Small Business Credit Initiative - Targeted Investment Program

Total Inquiries Since CALF Announcement (May 2013)	129
Early Stage Loan Funds Requested	$174 MM
Company Presentations	60
Third-Party Evaluations	40
Average Loan Request Size	$1.4 MM

Early Stage Loans – Pipeline Review

Ohio Third Frontier - Commercial Acceleration Loan Fund

Summary of CALF Funding

$40 MM CALF Funds Allocation (2013 and 2014)

CALF Funds (First Allocation 2013)	$20 MM
4 CALF Loans Approved (December 2013)	$6.4 MM
7 CALF Loans Approved (February 2014)	$9.3 MM
Remaining Balance (2013 Allocated Funds):	**$4.3 MM**
CALF Funds (Second OTF Allocation) 2014	$20 MM
12 Companies in Evaluation (Estimated Funds if Approved)	$19.7 MM
Estimated Availability Remaining (2013/2014 Allocated Funds)	**$4.6 MM**

Early Stage Loans – Pipeline Review
State Small Business Credit Initiative - Targeted Investment Program

Targeted Investment Loan Program
(FY 2014 Allocation)

FY 2014 Availability	$12 MM
Closing	$4.8 MM
6 Companies in Evaluation	$6.8 MM
Estimated Availability (Oversubscribed)	$0.4 MM

Early Stage Loans – Pipeline Review

Revenue Stage

- 77 (60%) - PreRevenue

- 52 (40%) - Generating Revenue

- 123 (95%) - Negative Cash Flow

- 6 (5%) - Positive Cash Flow

Early Stage Loans – Pipeline Review

Activity by Region

26
20%

36
28%

8
6%

4
3%

2
2%

53
41%

- Central
- West Central
- Northeast
- Northwest
- Southeast
- Southwest
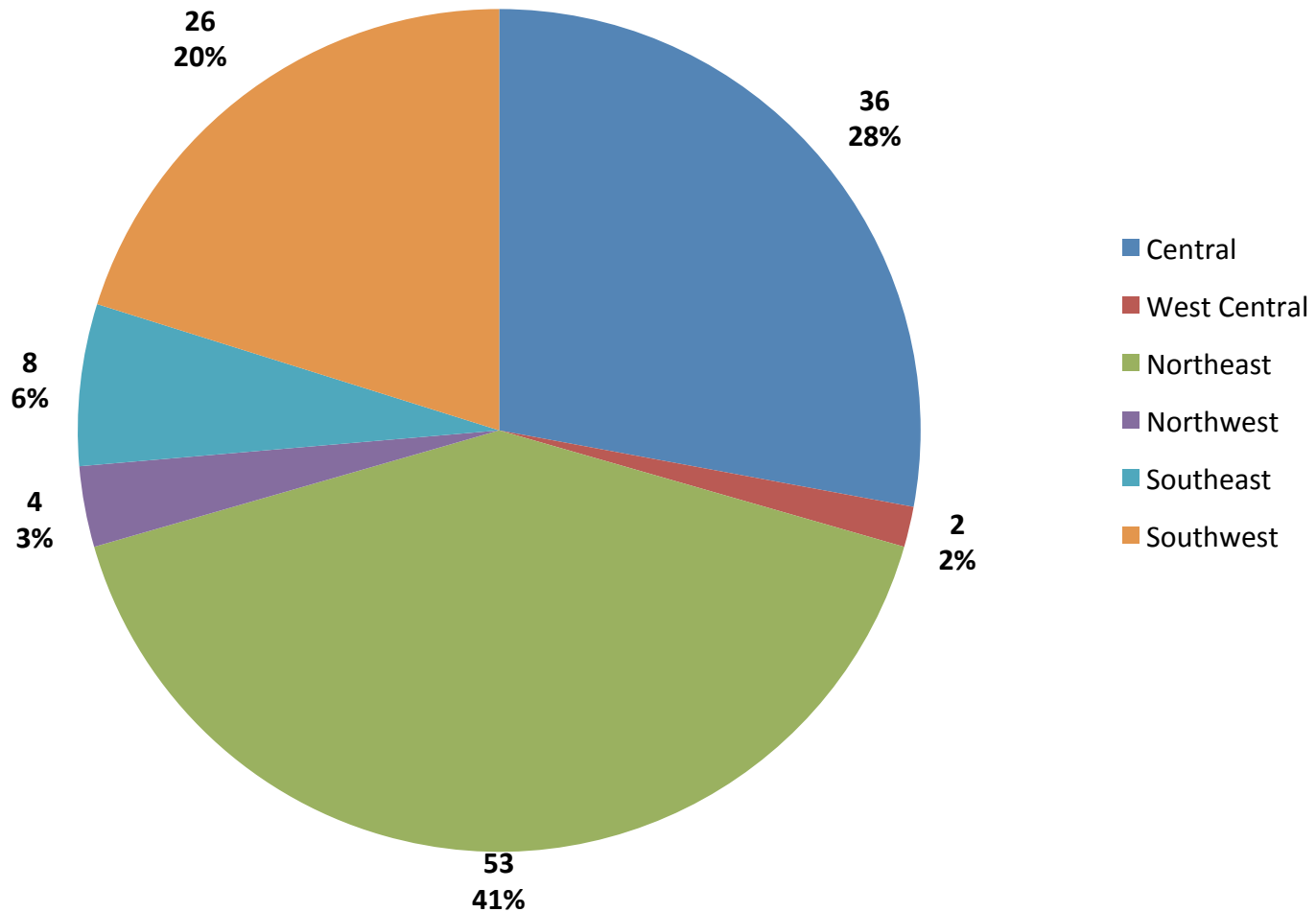
Early Stage Loans – Pipeline Review

Activity by Industry

22
18%

7
6%

12
10%

42
34%

39
32%

- Agribusiness and Food Processing
- Energy
- Information Technology
- Medical Technology
- Sensing and Automation Systems
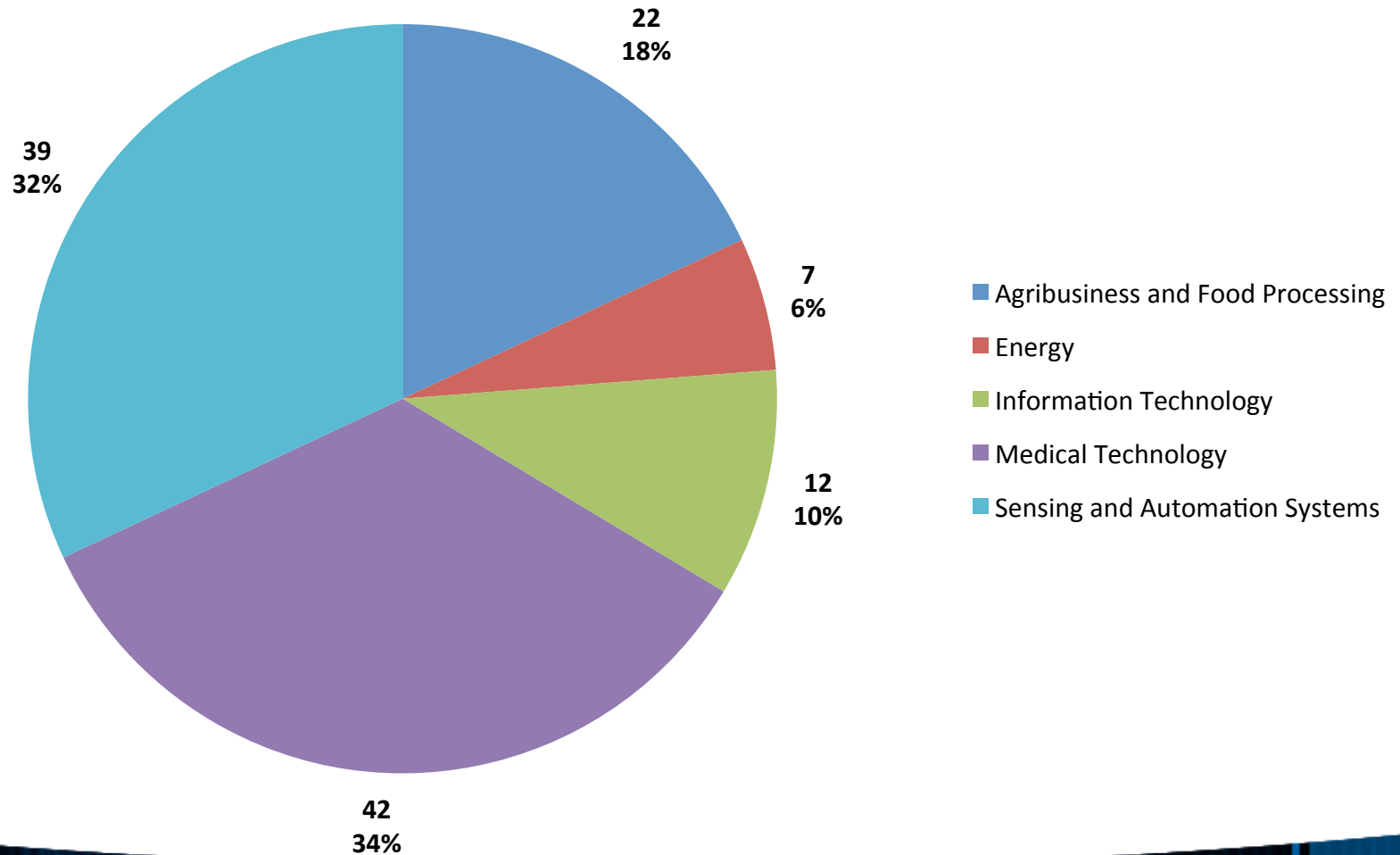
CALF Portfolio Review and Projections

Early Stage Loans – CALF Portfolio

OTF Region	Amount		Portfolio %	Industry
Southeast	$	-	0%	-
Central	$	1,500,000	9%	Medical Technology
West Central	$	-	0%	-
Northeast	$	13,345,851	84%	Medical Technology, Information Technology, Energy
Northwest	$	-	0%	-
Southwest	$	1,000,000	6%	Medical Technology
Total	**$**	**15,845,851**		

Industry	Amount		Portfolio %	OTF Region	County
Advanced Materials	$	1,500,000	9%	Northeast	Cuyahoga
Agribusiness and Food Processing	$	-	0%	-	-
Energy	$	1,600,000	10%	Northeast	Summit
Information Technology	$	1,300,000	8%	Northeast	Cuyahoga
Medical Technology	$	11,445,851	72%	Central, Northeast, Southwest	Cuyahoga, Franklin, Summit, Warren
Sensing and Automation Systems	$	-	0%	-	-
Total	**$**	**15,845,851**			

Early Stage Loans – CALF Portfolio

Funds alotted per Industry

$1,600,000
10%

$1,500,000
10%

$1,300,000
8%

$11,445,851
72%

- Advanced Materials
- Information Technology
- Medical Technology
- Energy

Early Stage Loans – CALF Portfolio

Funds alotted per Region

$1,000,000
6%

$3,200,000
20%

$7,758,835
49%

$2,387,016
15%

$1,500,000
10%
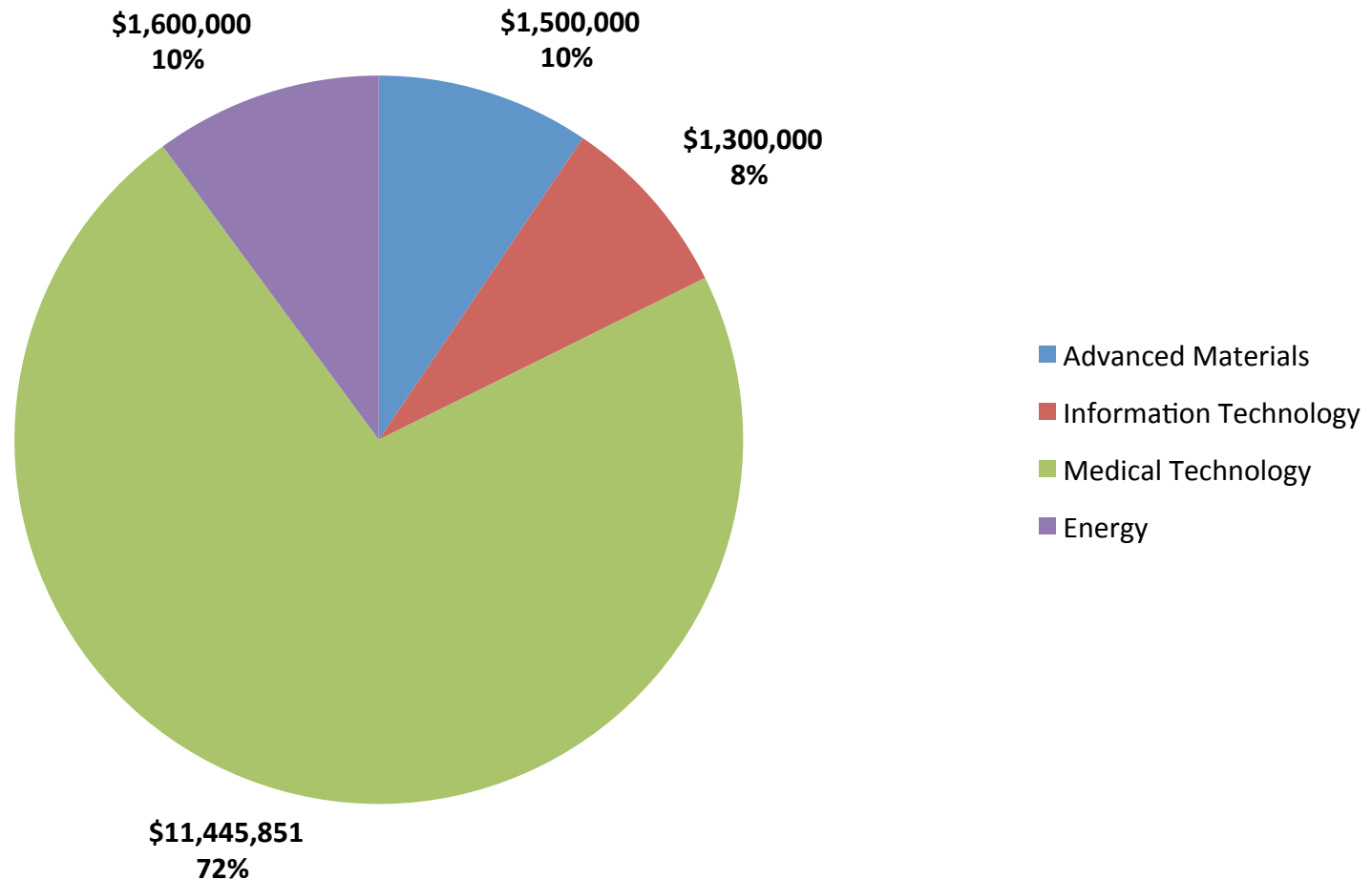
Legend:
- Cuyahoga
- Franklin
- Lorain
- Summit
- Warren
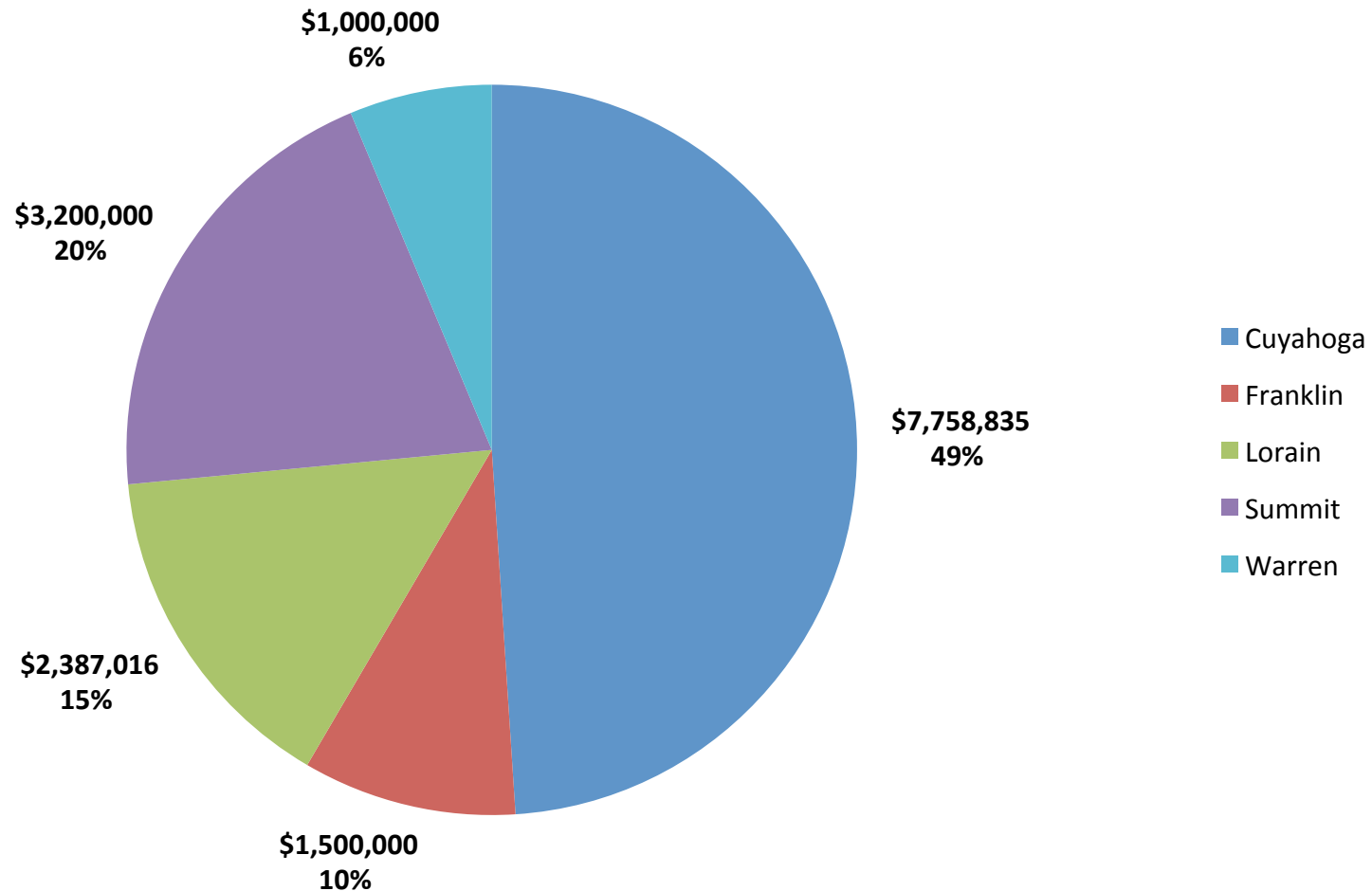
Early Stage Loans – CALF Portfolio

Projected Loan Repayment Schedule
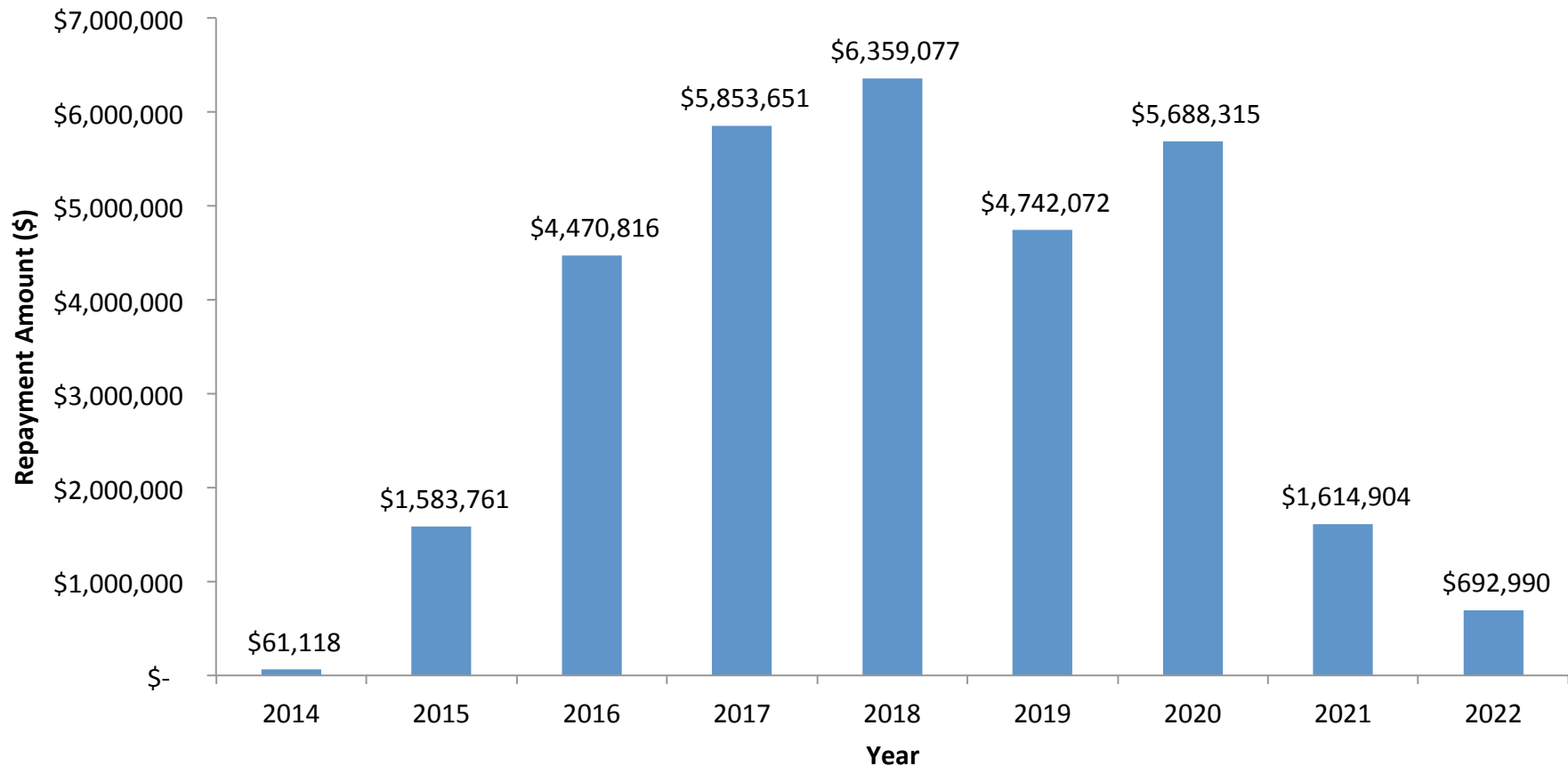
* Projections based on company financials. Amounts reflected have not been stress tested

Agenda

12:30	Call to Order/Introductions	Mark Collar/
		David Goodman
	Approval of 12/11/2013 Meeting Minutes **(Vote)**	
12:35	Marketing: TechOhio - Update on New E-magazine	Lisa Colbert
12:55	High Performing Company Survey: Progress Update	Keith Jenkins
01:05	Entrepreneurial Services	
	• Introduction/Common Themes	Mihaela Jekic
	• Regional Strategies	ESP Directors
	• Next Steps	Mihaela Jekic
04:50	Other Business	All
05:00	Adjourn	

High Performing Company Survey: Progress Update

Entrepreneurial Support Programs –

Planning for 2015/16

Innovation and Entrepreneurship

Technology Commercialization Framework

Imagining the Commercial Opportunity

Incubating to Define Commercial Potential

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Pre-Seed Fund Capitalization Program
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February Third Frontier Commission Meeting

Recap

- **Discussion**: program objectives & "what does success look like?"
- **New concept**: moving toward closer program integration
- **Next step**: regional strategy documents

Update

- **Partner engagement**: continued the conversation with each region
- **Entities involved**: many collaborating organizations & regional stakeholders
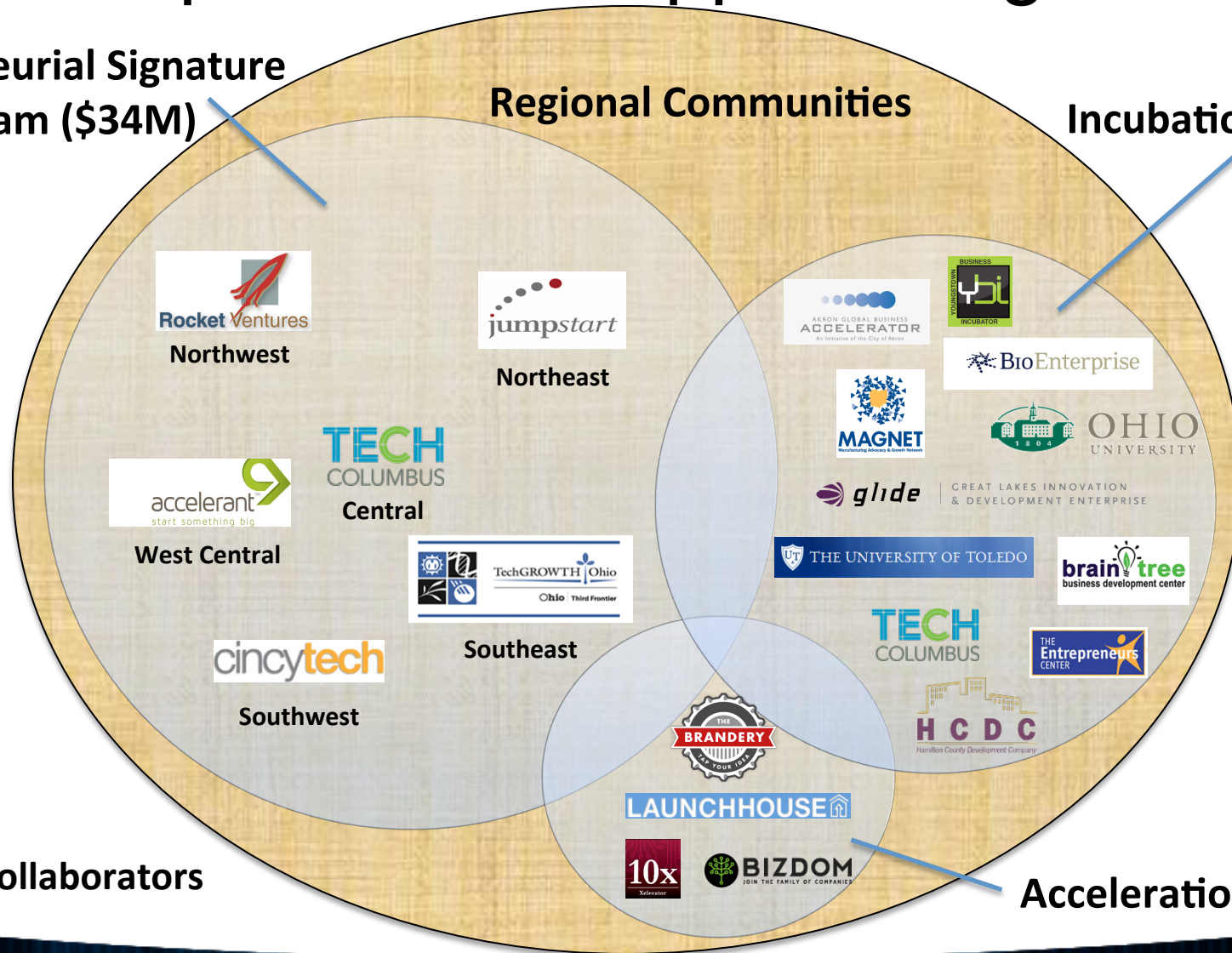- **Strategy documents**: provided on March 26th

Entrepreneurial Support Programs

Rationale for Closer Integration

Community

- Holistic view

- Reinforcing collaboration

- Regional approaches to addressing key challenges (e.g. talent, inclusion)

- Flexibility

Efficiency

- Service coordination

- Right resource at the right time irrespective of entry point into ecosystem

- Metrics

Sustainability

- Lifecycle of Third Frontier

Regional Strategies – Common Themes

- **Each region is unique**

- **Highly networked and collaborative**

- **Examples of benefits cited for moving toward closer integration**

  - United branding and marketing

  - Less confusion for entrepreneurs

  - Putting client needs above institutional affiliation

  - Greater efficiency

  - Streamlining processes

  - More compelling message to cost share providers

  - Coordinating fundraising activities

Key Regional Needs

- Talent
- Capital
- Customers
- Mentors

Regional Presentations

- Unique regional assets and areas of strength

- Key obstacles to success and how they are being addressed

- What can be accomplished in 2015-16

- New opportunities with a more closely integrated model

Regional Presentations

Region	Representative
Southeast	TechGROWTH Ohio
Central	TECH COLUMBUS
Northwest	Rocket Ventures
Northeast	jumpstart
Southwest	cincytech
West Central	accelerant start something big

Southeast Ohio ESP Presentation to Ohio Third Frontier Commission
April 9, 2014

TechGROWTH | Ohio

Ohio | Third Frontier

TechGROWTH Ohio

Regional Planning & Alignment

Current Status

▸ $32M public / private partnership;

▸ Providing services and capital to an extensive and dispersed rural geographic territory with low population density;

▸ Sponsored by Ohio University;

▸ Core network includes: 4 Incubators, 3 PreSeed funds, 3 Higher Education Institutions, 2 Angel funds and expert team of EIRs;

▸ Number of regional collaborators has grown to 10.

Current Status

Incubators

- Ohio University Innovation Center
- Muskingum County Business Incubator
- OSU South Centers Endeavor Center
- Southern State Community College Enterprise Center

Angel & Seed Funds

- East Central Ohio Tech Angel Fund
- Impact Angel Fund
- Ohio Tech Angel Fund
- Queen City Angels
- X^2 Angels
- Southern Ohio Creates Companies
- Stillerman & Associates
- Millstream Angels

Current Status

Key Metrics

- 477 Clients
- 75 Growth Funding Recipients
- 10 Portfolio Companies
- $171M in A-Metrics
- $12.25 to every $1.00 of OTF spend

Recent Follow-On Rounds

- Global Cooling:
  - $3.3M Series A Round
  - $3.0M Pre-purchase order from international pharma company
- Ecolibrium:
  - $1.0M Series B Round
  - $1.7M Debt Round

Regional Planning Process

- **Regional Meetings**
  - OU Technology Commercialization Leadership Team
  - Working Group: Innovation Center, MCBI, EBI, ECOTAF
  - TechGROWTH Partners: All Collaborators
  - Sharing and Review of Prior OTF RFP Submissions

- **Interaction with ODSA and ESP leadership**
  - In-Person and Conference Calls
  - Document Sharing

More or Better Alignment

- **Degree of Current Alignment Varies By:**
  - Partners internal vs external to OU
  - Length of partnership – new vs. multi-year
  - Number of shared clients and deal flow
  - Formal structure vs. informal team-based services

- **More or Better Alignment Will Differ Among Collaborators:**
  - Where tightly aligned, MOUs are planned between partners sharing maturing clients and portfolio companies to better clarify roles and responsibilities
  - Where lesser aligned, review of resource allocation per historical performance and nature/scale of deal flow opportunity is planned

More or Better Alignment

- More consistent, **Unified Marketing & Branding** across the network and the region;

- Identify, recruit and inventory **Additional Entrepreneurial Talent**;

- More regional **Coordination of Pipeline Development** activities;

- **Review of Resource Allocation** (e.g., EIR deployment) relative to partner footprint and past performance;

- Benefit from **Unified Metrics Collection & Reporting**; competition for metrics can distract & confuse

- **Better Alignment of Services** based on client needs, stage of company, investment status, etc.

More or Better Alignment

- **Combined Metrics:**
  - Clients
    - New, Active, Referred, Former
    - Imagining, Incubating, Demonstrating, Market Entry, Growth
    - Services, PreSeed
  - Incubation
    - Applicants
    - New Tenants
    - Graduates
  - Milestones & Outputs
    - Equity & Loans
    - Federal Research Grants
    - Sales
    - Jobs and Average Salaries

New Opportunities

- Alignment and Funding for Pipeline Development Activities:
    - General promotion of entrepreneurship
    - Pitch competitions, accelerator-like programs and satellite incubation programs
    - NSF Ohio I-Corps Node & Sites (LeanLaunch Model)
    - Other outreach & educational events (trade associations, industry, social, etc.)
- More Industry & Philanthropic Partners
    - Energy, healthcare and finance Sectors
    - Engage private foundations via new relationships with NorTech, Philanthropy Ohio & Appalachian Funders Network

New Opportunities

- **Further Alignment with JobsOhio**
  - Appalachian Partnership for Economic Growth (APEG)
  - Nexus where maturing growth companies meet corporate attraction, retention and expansion opportunities

- **Leverage Ohio University's Statewide Assets**
  - New venues in Dayton (incubator), Dublin (campus) and Cleveland (hospital)
  - New partnerships with Cleveland Clinic & Ohio Health
  - New entrepreneurship activities at regional branch campuses
  - Expansion of alumni engagement

New Opportunities

- **Creation of Ohio Innovation Fund**
  - Early-stage venture fund complementary to ESPs, Angel Funds, VCs, Higher Education & Research Institutions being sponsored by OU and OSU

- **Creation of TechGAP Fund**
  - Proposed by OU Foundation Board to move more research along development and commercialization path

- **Expansion of Angel Funds and Network**
  - New funds being proposed (ECOTAF II, Impact Angels)
  - Angel network expanding throughout Ohio and into PA, KY, WV

Thank You!

TechGROWTH Ohio

TECHCOLUMBUS

Fully-Integrated Engine for Accelerating High-Growth Start-Ups

TECH COLUMBUS

We help entrepreneurs build great companies.
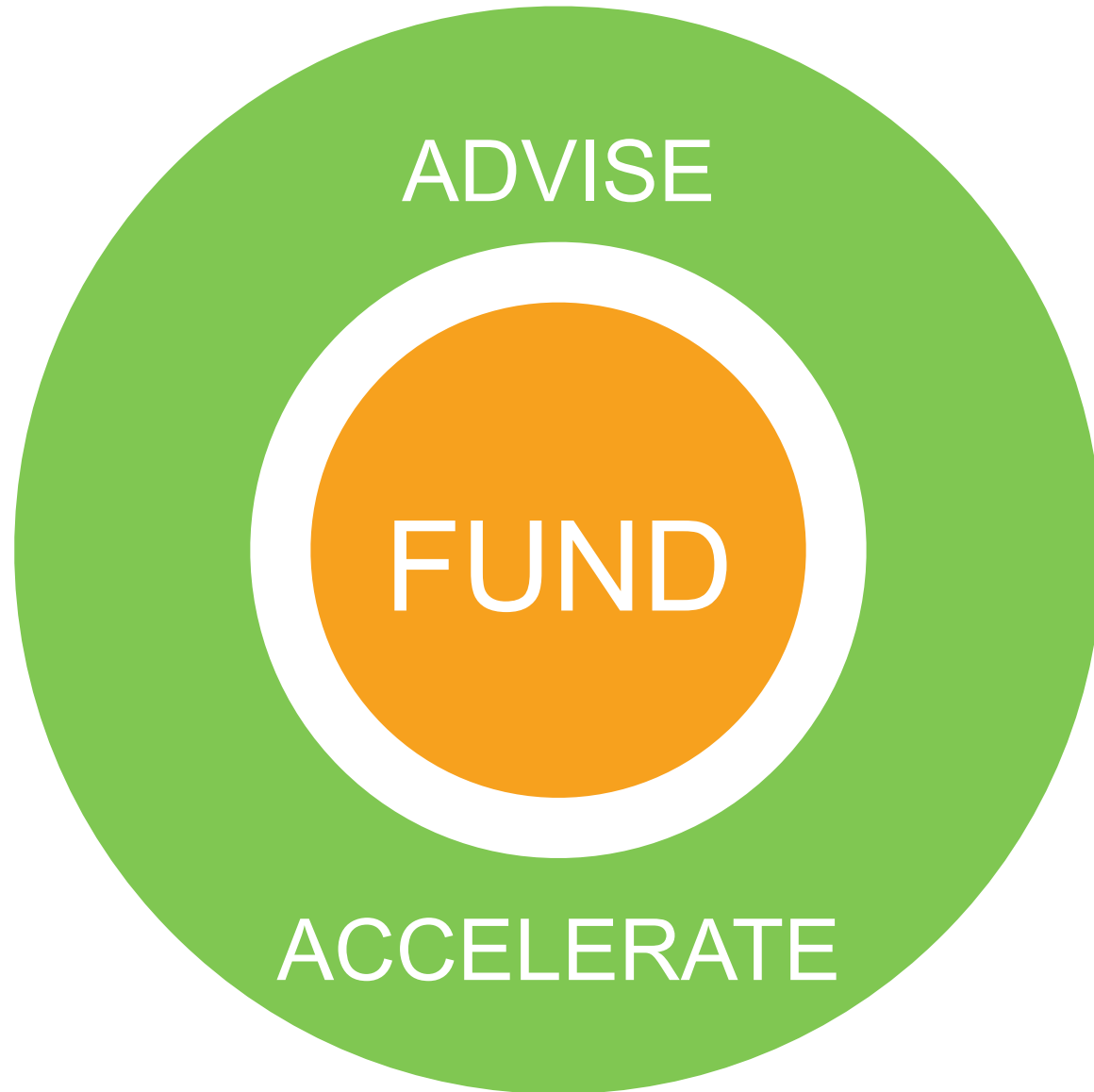
TECH
COLUMBUS

Transforming Our Values

FUND

ADVISE

ACCELERATE

Events
Membership Services
Direct Investment
Platform Lab
Incubator Services

Programs | 2005-2012

Investor Networks
Direct Investment
Corporate Networks
Venture Services
SpringBox Labs
Investment Funds

Build Value | 2014 Forward
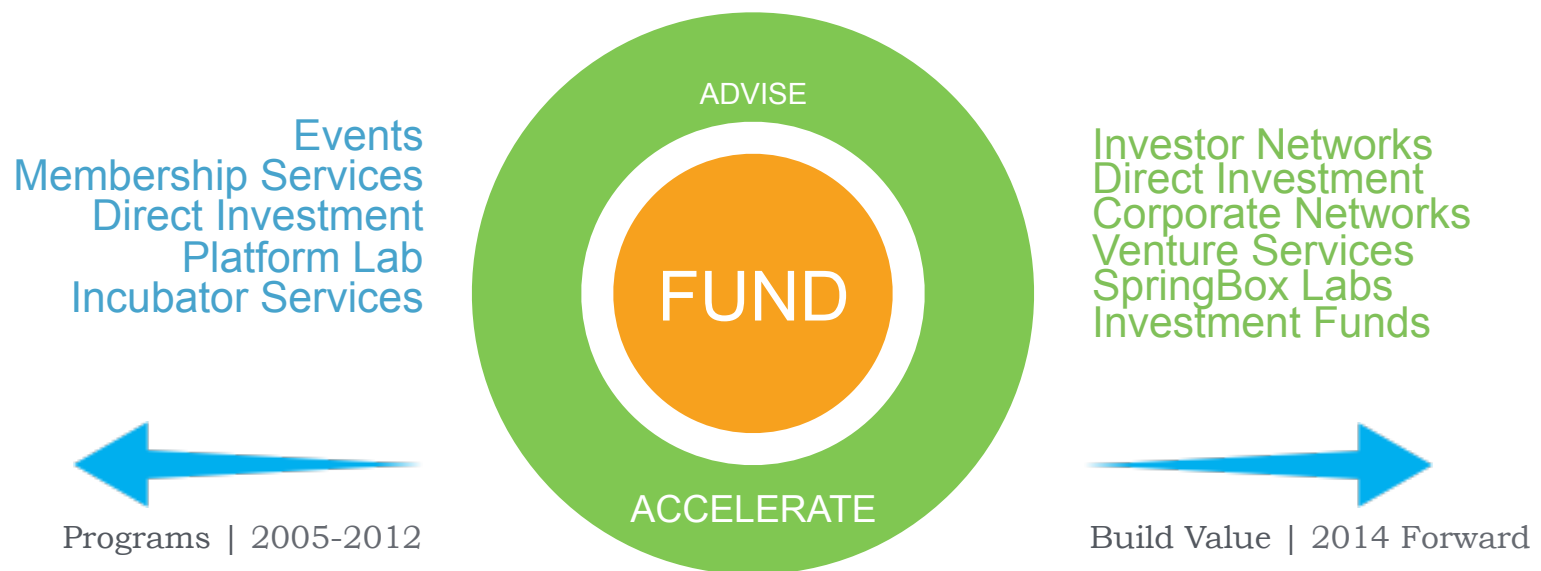
TECH COLUMBUS

TechColumbus Overview

© 2014 TechColumbus
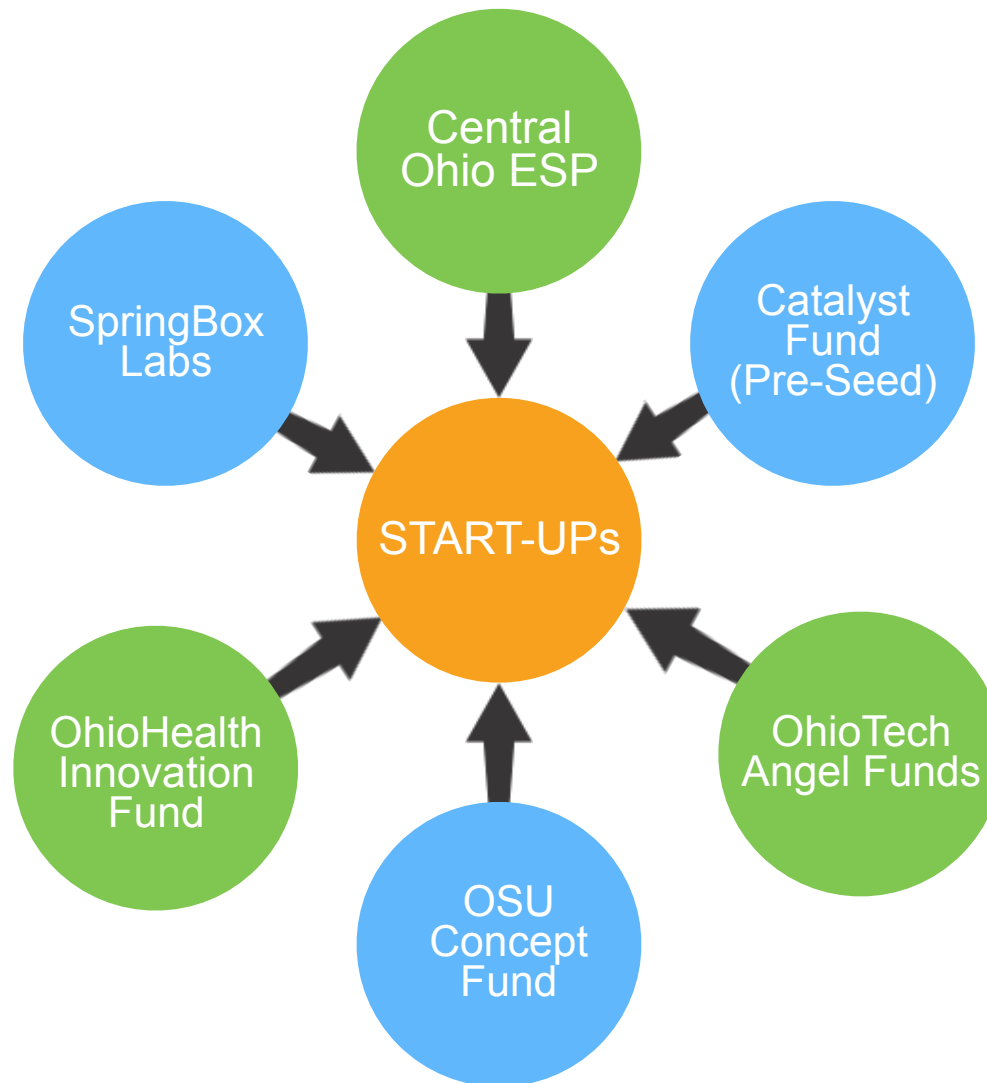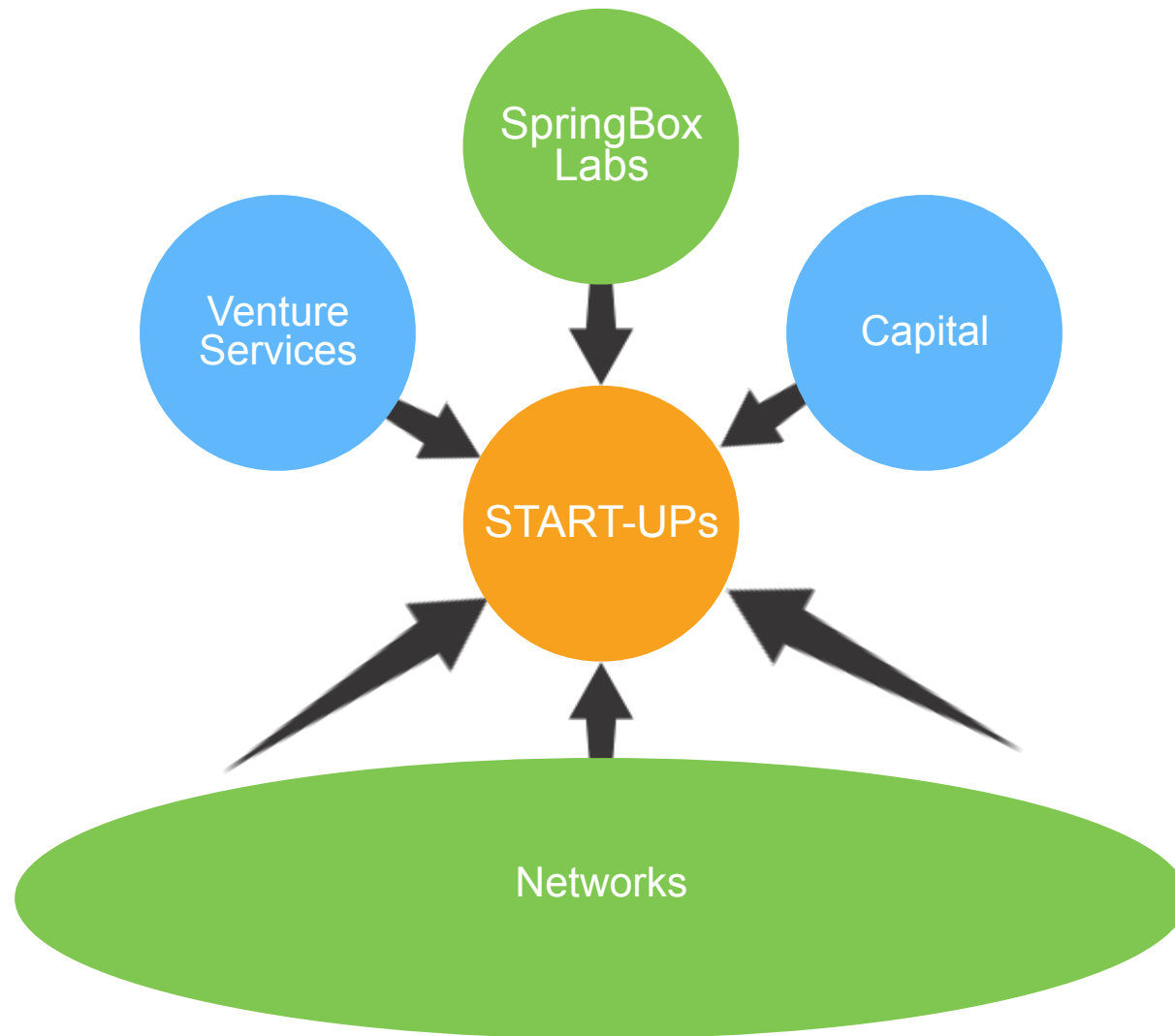
Fueled by Unique Ecosystem

CORPORATE ENGAGEMENT

• 91 Corporate Partners
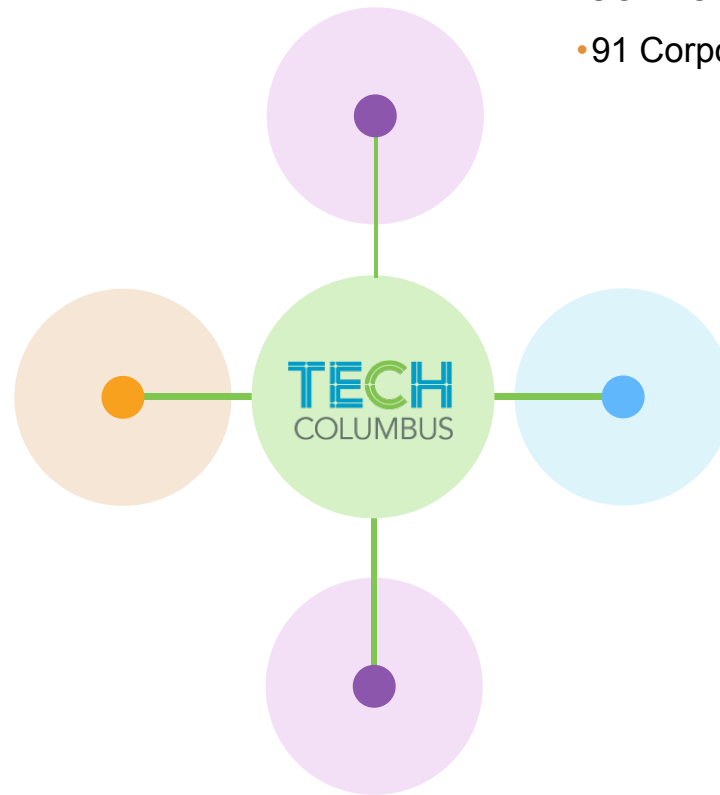
ORGANIC DEAL FLOW

• Regional Entrepreneurs
• Spring Box Labs
• The DEC & Inc@8000

COMMUNITY PARTNERS

• Ohio Third Frontier
• 2 County Partners
• 5 Municipal Partners

INNOVATION PARTNERS

Trusted Partner

Dedicated Commercialization Services

THE OHIO STATE UNIVERSITY

- $1 mm Concept Fund
- $2 mm Seed Fund
- Partner in Springbox Labs
- CFO, VP of Research & BoD Secretary on TC Board
- TechColumbus on Innovation Foundation and SciTech Board of Directors
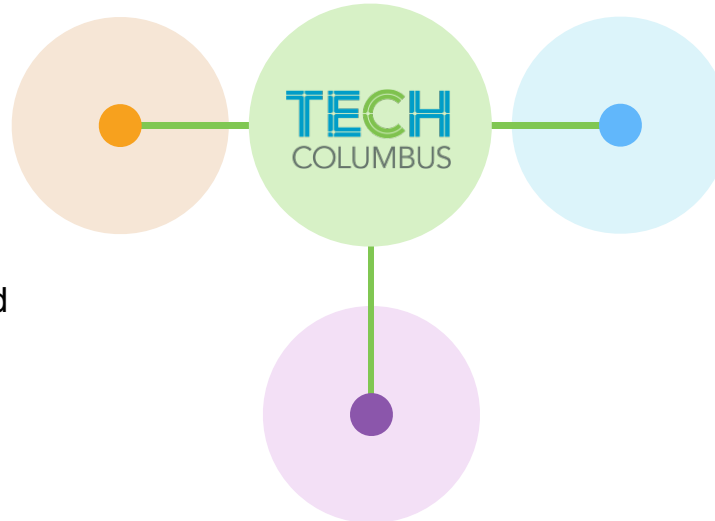
TECH COLUMBUS

NATIONWIDE CHILDREN'S *When your child needs a hospital, everything matters.*

- $1 mm Seed Fund
- CEO on TechColumbus Board
- TechColumbus on Research Institute Board of Directors

OhioHealth

- $1 mm Concept Fund
- $4 mm Seed Fund
- CEO on TechColumbus Board
- TechColumbus on Investment Committee

TECH COLUMBUS

Cavalieri   Barnes & Thornburg, LLP   Base Two Interactive   Battelle
Benesch, Friedlander, Coplan & Aronoff   Blue Sky Creative   Bricker &
Eckler LLP   Buckeye Interactive   C-max Advisors   Calfee Halter &
Griswold LLP   Cardinal Health   Central Ohio Technical College
Chemical Abstracts Service   City of Columbus   City of Dublin   City of
New Albany   City of Upper Arlington   City of Westerville   Columbus
Dispatch   Columbus Partnership   Columbus State Community College
olumbus2020   Counterpart CFO   Delaware County   Delaware Coun
Bank   Design Central   Designing Interactive   Elmer's Products, Inc.
Fahlgren Mortine   Fisher4Marketing   Franklin County   GBQ Partner
ighbar Agency   Holbrook & Manter   Huntington Bank   IBM   Ice Mill
Information Control Corporation   Involution Studios   John Gerlach &
Company, LLP   Kegler Brown Hill & Ritter   Kooperman Gillespie   L
Brands   Laser Reproductions   McGladrey   Motorists Insurance Grou
Nationwide   Nationwide Children's Hospital   Newpath International
vision Performance Solutions   OhioHealth   OOE   Otterbein Universi
ante & Moran PLLC   Porter Wright Morris & Arthur, LLP   PWC   Q-St
Labs   Safelite Group   Sequent   Sophisticated Systems, Inc.   SS&G
Stonehenge Partners   Sway the Crowd   Taft Stettinius & Hollister, LLP
OCI   The Columbus Foundation   The Floriss Group   The Honor Proje
Trust   The Ohio State University   Thompson Hine LLP   Tim Hortons
Trident Design   Vorys, Sater, Seymour and Pease LLP   Wilson RMS
WrApps Business Applications   ZocoDesign

TECH
COLUMBUS

MORE PARTNERING EVERY WEEK

TECH COLUMBUS

Strategic Value

45
Expert Network
$2.5MM

38
Stakeholders

Corporate Engagement
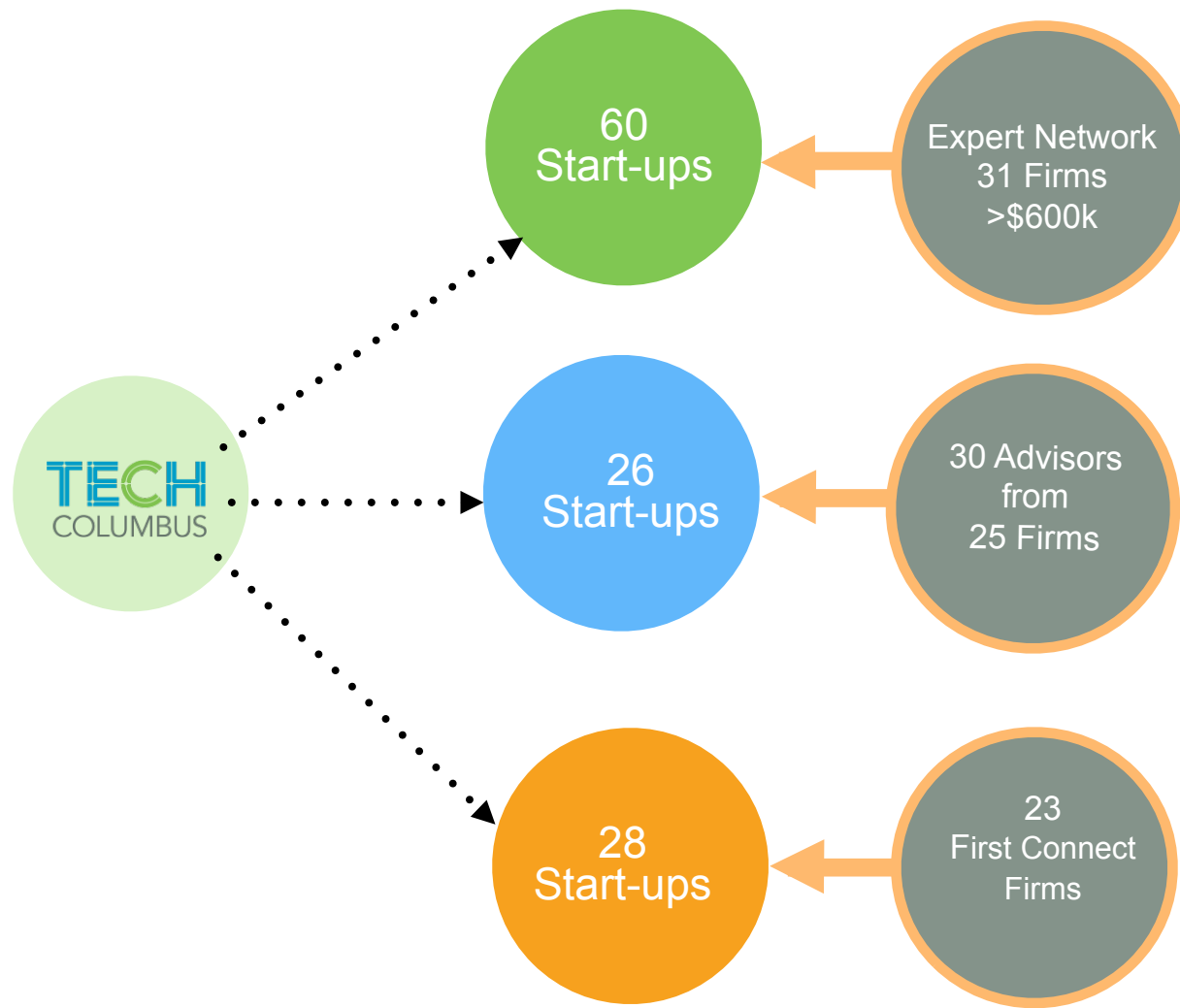
Growth Opportunity for Funds

Mapping out Federal R&D compared to Venture Investment
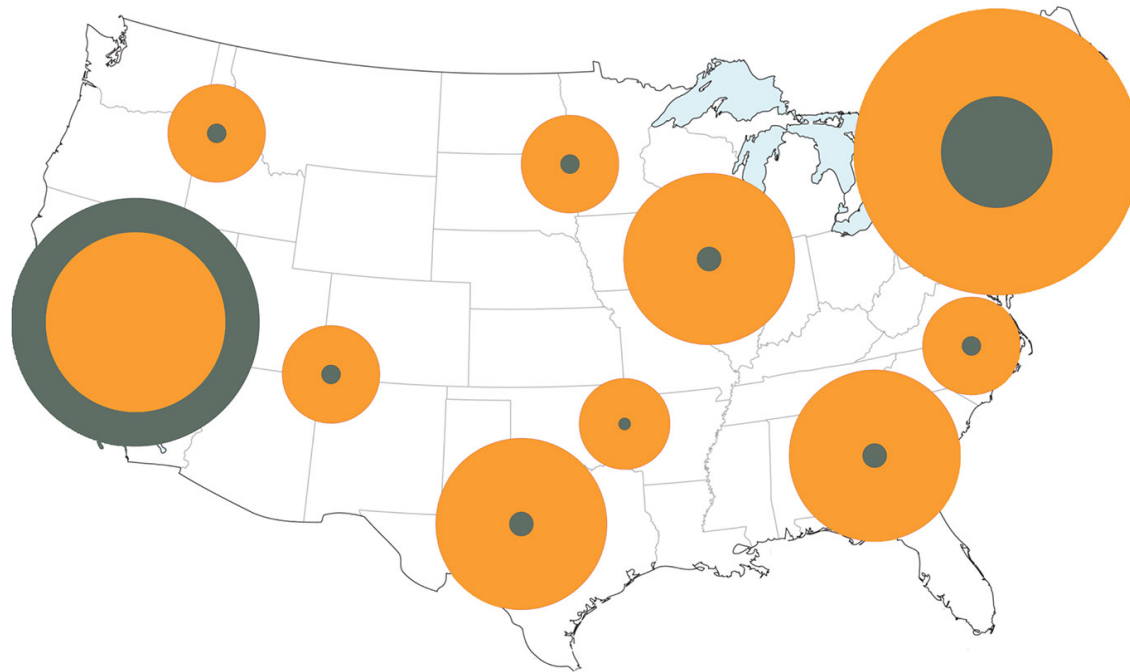
2011

$61 BILLION R&D Funding
$29 BILLION ALL VC Investment

R&D Funding
Venture Funding

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Start-ups being starved

	1986	2011 est	Change
R&D	$6.0B	$61B	1100%
All VC Investment	$2.9B	$29B	1022%
Seed / Early Stage	$402MM	$767MM	191%
Relative / Seed / Early	$0.12	$0.03	-81%

*University R&D, NSF; †Venture Capital Investment, National Venture Capital Association and PriceWaterhouseCoopers' Moneytree Report.
‡Initial Seed/Startup investments = no prior venture capital invested in any form.

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Regional Comparisons

Midwest Comparisons	2012 New Companies	VC Funding
Pittsburgh	80	$160 million
Cleveland	55	$194 million
Cincinnati	28	$99 million
Indianapolis	25	$240 million
Columbus	17	$64 million

Investment Funds

- $22MM of New Funds
  - $1.7MM Concept Funds
  - $8MM Catalyst Fund
  - $7.33MM OhioTech Angel Fund
  - $5MM OhioHealth Innovation Fund

Capital Leverage

Portfolio Exits

HTP
Improving the Business of Healthcare

SageQuest

znode®

CLEARSALEING

SafeHouse

updox
practice efficient
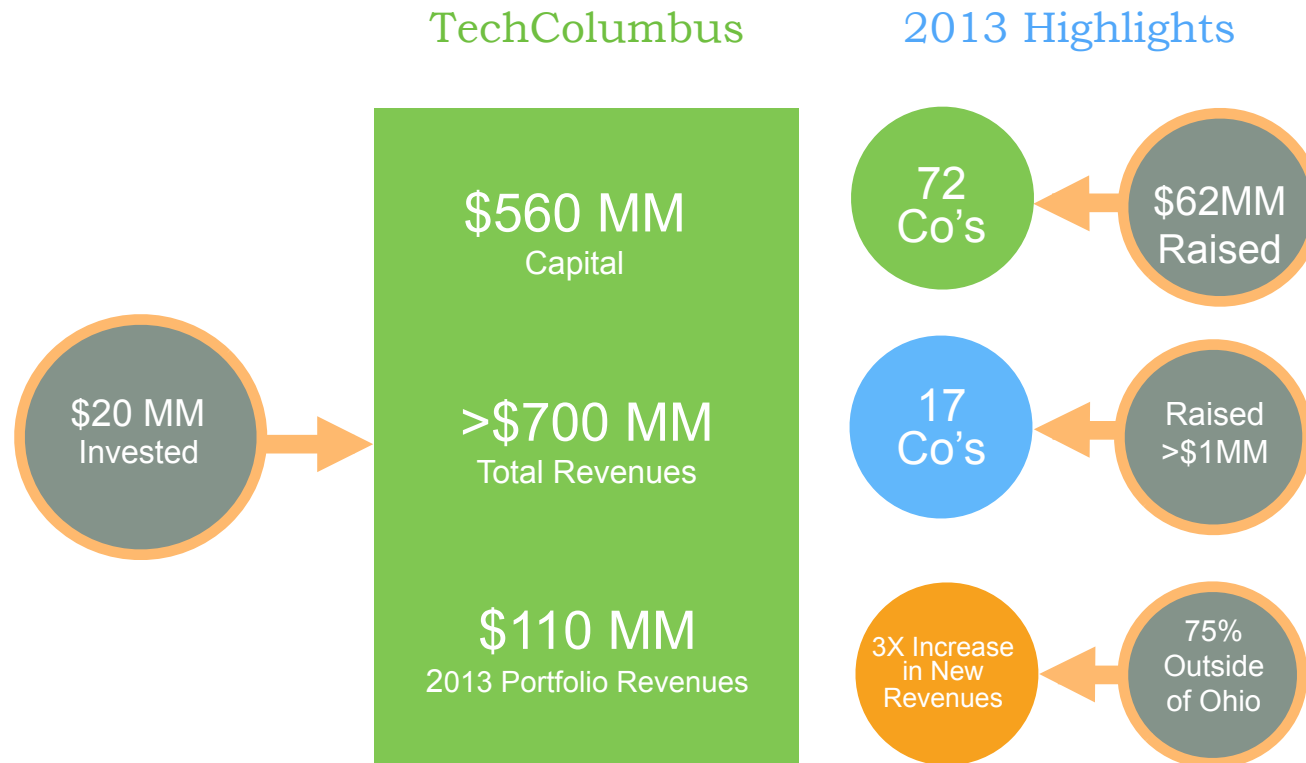
| Exit 2009 | Exit 2010 | EXIT 2011 | Exit 2011 | Exit 2012 | Exit 2013 |

TECH COLUMBUS

Portfolio Overview

- 41 Active Companies in Investment Portfolio

- 56 Clients target raising $50MM over 12-18 Months

- 20-25 New Investments across all funds for 2014

- 3-5 XSquared Angel Deals

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Inclusion

	Total	Women	Minority	TechColumbus Women/Minority Founders
High-Tech Startups(Nationally)*	~10-15%	~3%	~5%	
Qualified Deal Flow 2006 - 2013				
Inquiry	2,506	127	302	17%
Intake	1,218	74	121	16%
Engaged	208	18	23	20%
Positioned for Funding	135	21	25	34%
Equity Funds†	74	5	9	19%
Commercialization Funds	83	9	10	23%
All Funds ($4mm of $24mm)	157	14	19	17%

 * Source: SBA Office of Advocacy Reports and Kauffman Foundation
† Includes Pre-Seed; OTAF and X-Squared Angel funds

What's Working

- TechColumbus Restart
  - Integrated within Columbus Partnership/2020 Economic Development Strategy
  - 77% YoY Growth in Total Engaged Clients
  - 10X Growth in Corporate Engagement
  - New Professional Team
- Commercialization relationships with OSU, NWCRI and OhioHealth
- New Corporate Networks
- Reinvigorated SpringBox Labs
- Successful Growth of XSquared Angels
- Over $22MM in New Investment Funds

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Objectives 2015-2017

- Fully integrate startup services

- Establish a proven SBIR/STTR program within the region

- Continue commercialization efforts with OSU, NWCRI and OhioHealth

- Commit OTAF IV and Catalyst to 20–30 start-ups

- Grow Corporate Networks: Expert, Advisor, First Connect

- Establish an Angel Network

- Raise OTAF V

- Create a $20MM-$30MM early stage fund

Board Members

Steve Allen
President
Nationwide Children's Hospital

David Blom
President & CEO
OhioHealth

Geoff Chatas
Chief Financial Officer
The Ohio State University

Jon Eesley
Principal
Windsor Advisory Group LLC

Alex Fischer
President & CEO
Columbus Partnership

Harry Hallowell
Chief Investment Officer
Nationwide

Bob Irwin
President
TDCI, Inc.

David Meuse
Principal
Stonehenge Partners

Patricia Morrison
Chief Information Officer
Cardinal Health

Mark Shary
Entrepreneur

Ray Shealy
Margaux Ventures LLC

Dwight Smith
Founder & CEO
Sophisticated Systems, Inc.

Pam Springer
CEO & Chairman
Mindset Digital

Blake Thompson
Secretary Board of Trustees
The Ohio State University

Caroline Whitacre
Vice President - Research
The Ohio State University

TECH
COLUMBUS

Tom Walker

President and CEO

O 614.34O.3353 | M 614.981.3619
twalker@techcolumbus.org

TECH
COLUMBUS

Rocket Ventures

Direction   Capital   Acceleration

Rocket Ventures

Environment

- Rocket Ventures was founded nearly 7 years ago in a scarce entrepreneurial environment

- Started to build a decent base - with respectable results

- In the past we borrowed a couple of Best Practices, in the next 12-24 months we will implement several more

- Successes are happening

- Since inception, 80% of Fund client companies are still operational - with first positive exit possible in Q2

- Now starting to take RV to next level

Progress

- 2 companies generating $20 million in 2014 sales

  ▫ Another on pace for $10 million

  ▫ 2 more $5 million+

  ▫ 3 more $3 million+

- 6 companies with Venture Co-Investment

- Many of our companies Partner with Industry Leaders, or serve them as Clients

Region

- 18 counties

- 6 Fortune 500 Co's
  - Marathon, Andersons, Dana
  - First Solar, Owens Corning, O-I

- Strong Regional Nodes
  - Hancock County – Industry, Millstream Angels
  - Allen County – Ohio Energy & Advanced Manufacturing Center

- Developing Smaller Nodes
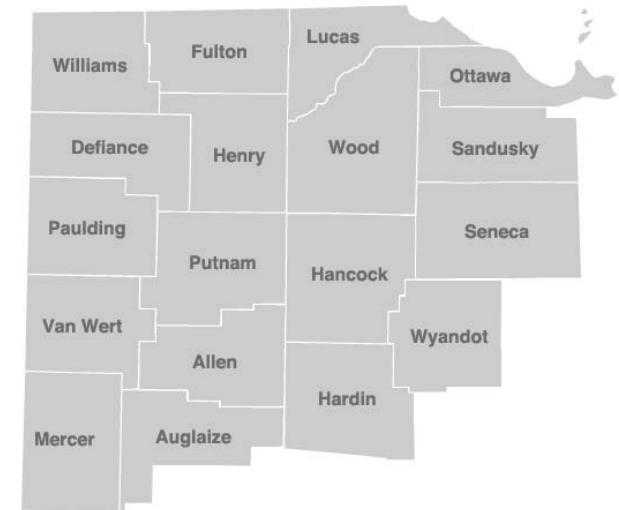
Developing Regional Partnerships

- ProMedica, University of Toledo

- Millstream Angels
  - Strong presence in Seneca, Allen & Defiance Counties

- County EDs, NORED, SBDCs

- Community Banks, Higher Education

ECOSYSTEM

Universities

Large Corporations

Service Providers

University of Toledo

ProMedica

Counties

SBDCs

Rocket Ventures

NCCET

Angel Networks

Solidifying Partners in the Regional Ecosystem

SMEs

Community Banks

Marketing Agencies

Out of Region Partners

Chambers of Commerce
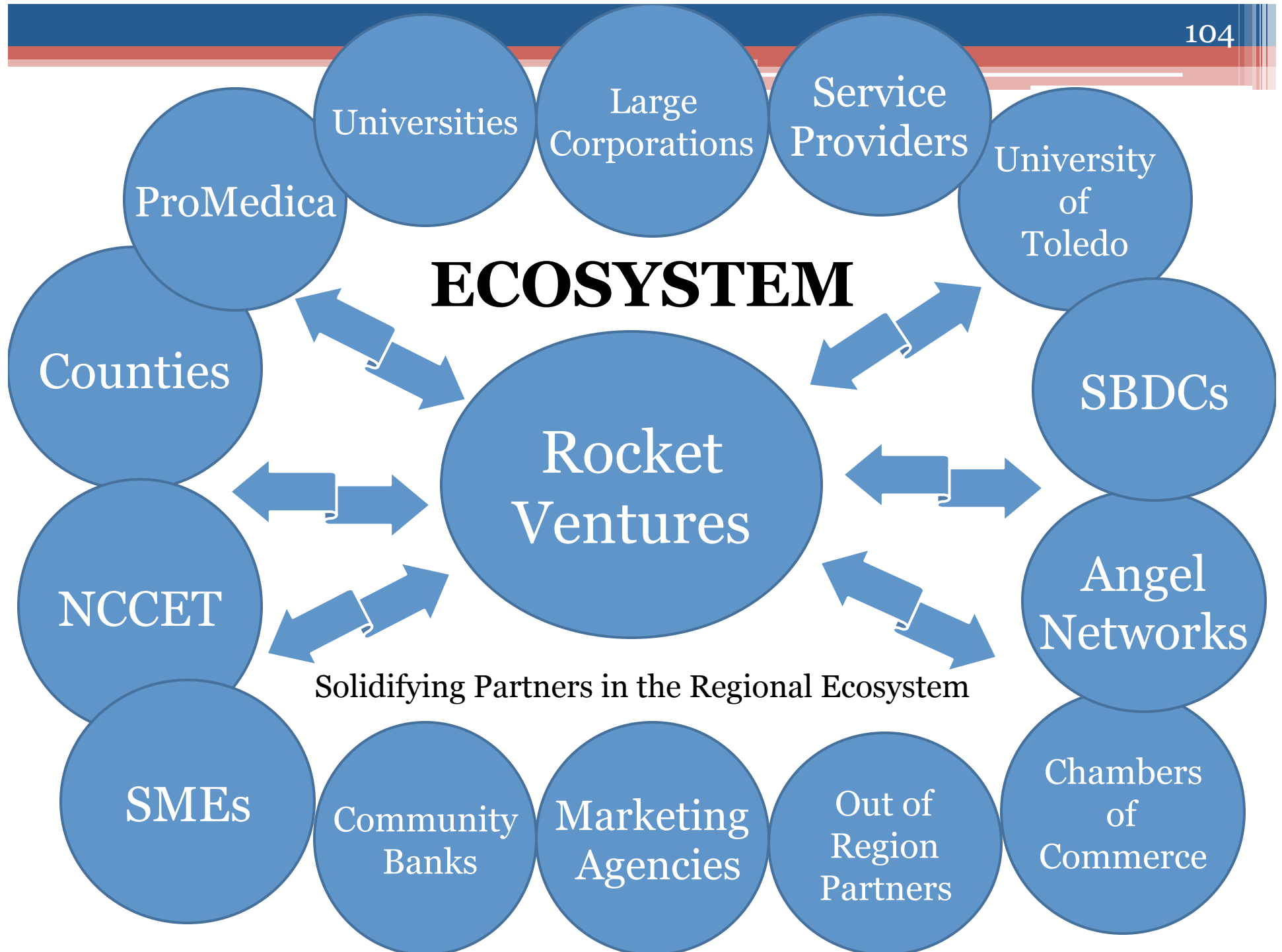
Industry Concentration

Primary

Life Science

- ProMedica - Lead Partner

- HIT, Devices, Diagnostics

- VentureMed

IT/Software

- Largest Deal Flow contributor

- LaunchPad

- Docusphere, Beyond Software, Blue Water Satellite

Secondary

Adv. Manufacturing

- Regional bread & butter

- Maumee Assembly & Stamping, OEAMC

We will further explore Agriculture.

These sectors are not exclusionary.

Advanced Materials

- AquaBlok

- OmniFusion

Energy

- Innovative picks & pans

- Feed off industry leaders

Gaps/Obstacles

1. More Regional Integration

2. Talent

3. Awareness of Ecosystem

4. Capital

5. Support for Key Segments

Adding Talent

- Management
- Board / Advisors
- Sales
- Some good talent has been recruited
- Better Management and Advisory Boards are focal areas for us as companies grow
- Mentors and an Extended Network will help
- From inside and outside the region

Awareness of the Ecosystem
(and Third Frontier Programs)

- More people in the Region will know about us.

- Increase the Understanding of how we serve the Ecosystem.

- Increased Partnerships and Marketing will help accomplish this.

Capital Support

- Increase co-investment

- Services must support this too

- Do not allow Capital Efficiency to be Overlooked

- Future Targeted Funds

Support of Key Segments

- Affinity Groups

- Mentors

- Increase Assets and Collaboration

Success for our Clients

- Sales Growth

  ▫ Profitability thereafter

- Follow-on Funding

- Job and Wealth Creation

- Investment/Partnership attraction from Outside the Region

- Serving and Partnering with Industry Leaders

Next Stage of Rocket Ventures
Elements of Success

1. Increased Corporate Engagement

2. Enhanced Marketing

3. Mentor System

4. Improved Staffing/Resources

5. Regional Incubation/Acceleration

Corporate Engagement

- Targeting Region's Large Corporations
- Currently done ad hoc
- Customer Discovery / Market Validation
- Technical Validation and Partnering
- Mentoring and Advisory Boards
- Collaborators
- ProMedica will be a lead Collaborator

Enhanced Marketing

- Many Regional Agencies have signed on as Partners / Collaborators (borrowed best practice)
- Assist Clients and Rocket Ventures
- Regional Partnering will help
- Tactics will enhance the:
  - Awareness
  - Understanding
  - Ecosystem

Mentor Network

- Support Management and Founders, occasionally supplement

- Looking at other established Mentor networks

- Industry Segmented Groups

  - First segments: IT & Life Sciences

- May have sub-groups for other disciplines (including business disciplines)

- Glad to share mentors with other regions

Bolstering Staffing/Resources

- Some changes already

- Some resources added via Partnering

- Very good talent is available

- The standards for personnel have risen

- Utilize and add mid-level staff to more efficiently and effectively serve clients

Establishing an Incubation Network

- There are 4 incubators in our region – only one, UT Launch Pad, with strong Third Frontier ties

- NCC-ET will join as a Collaborator

- We will help Systemize all incubators

- Use out of region accelerators, e.g., HealthBox

- 1-2 new incubators with strong Third Frontier fit will be established via Collaborators

Summary

- More Collaborators

- More Cohesive Region-wide Ecosystem

- Greatly heightened Engagement

- More Success Stories! (companies)

- Northwest Ohio is excited about the direction Rocket Ventures is going

Northeast Ohio Signature Program

APRIL 9, 2014

Northeast Ohio ESP

History: Strong ESP Collaboration Between 15 Organizations

- Current Process Working Well – Reflects Continuous Improvements
- Collaborators Aligned to Support Sector Profile Differences
- Economic Impact to State Growing - $1.1B Total Since 2010
- 2,383 Total Jobs Created, $424M Economic Impact in CY 2013 Alone

Looking Ahead: Process Improvements and New Analytics

- New Deal Flow Management System to Maximize Impact and Efficiency
- Heightened Alignment with Highest Potential Companies

Opportunities: Innovating to Address Entrepreneurial Gaps

- Build on Talent & Mentoring Programmatic Success
- Expand Entrepreneurial Assistance in Market Validation and Sales
- Effort to Increase Access to Outside-of-Region Early Stage Capital

Unique Characteristics of ESP Region

- 36% of the State's GDP

- 4 Markets with Population 400K+

- Diverse Tech Landscape

- 15+ Global Corporations

- Leading Research Institutions

- 26 Four-year College

LAKE
ASHTABULA
TRUMBULL
CUYAHOGA
GEAUGA
ERIE
LORAIN
SUMMIT
MAHONING
HURON
MEDINA
PORTAGE
CRAWFORD
WAYNE
ASHLAND
COLUMBIANA
RICHLAND
STARK
CARROLL
HOLMES
TUSCARAWAS

4.5M people; 40% of Ohio's
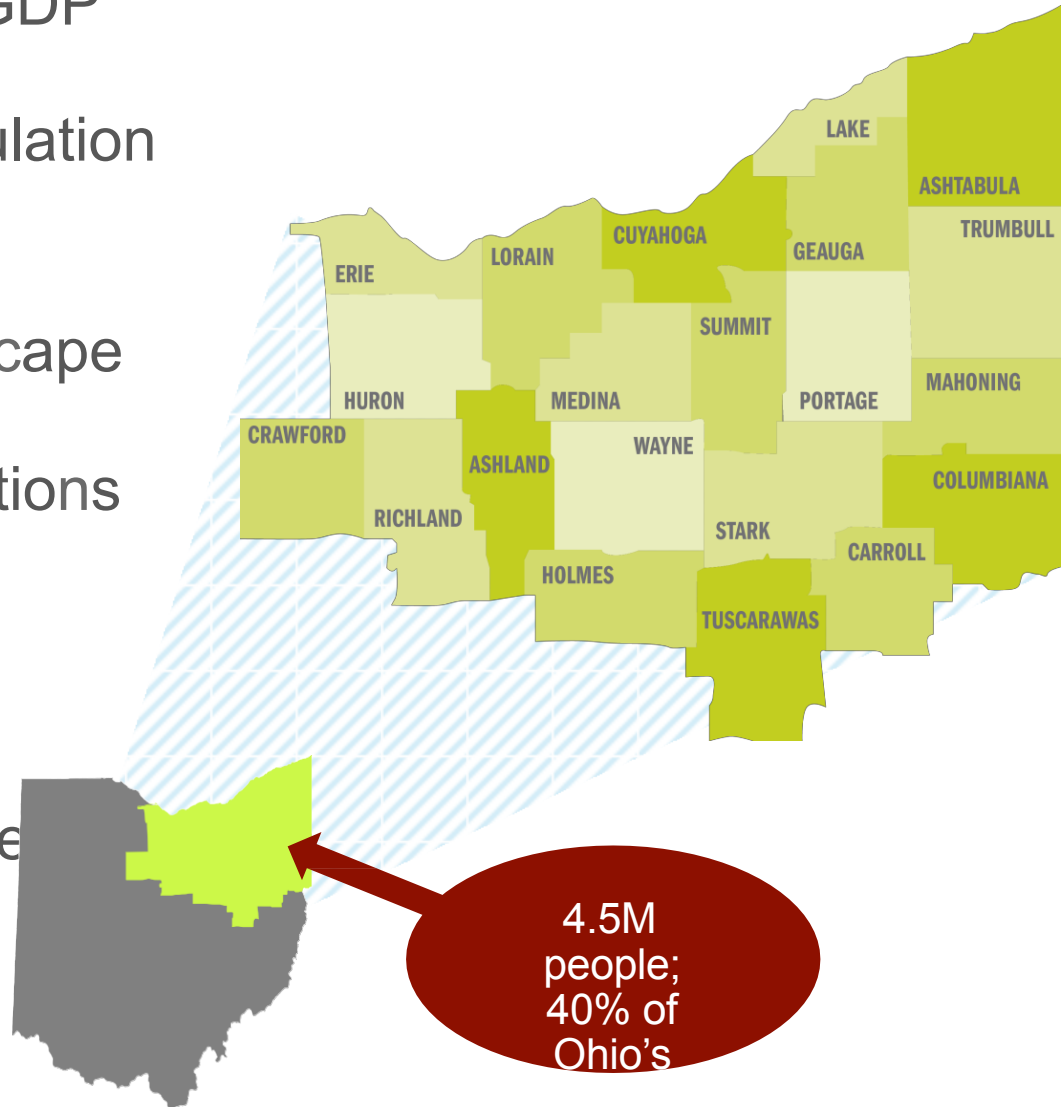
A Vibrant & Robust Entrepreneurial Ecosystem

- Incubators & Accelerators
- Minority & Women Business Support Organizations
- SBDCs

- Centers of Research & Innovation
- Higher Education Research Institutions

- Higher Education Institutions
- Youth Entrepreneurship Organizations
- Internship Support Organizations

RESOURCE PROVIDERS

IDEA CREATORS

EDUCATIONAL OPPORTUNITIES

ENTREPRENEURS

ECOSYSTEM FUNDERS

- Government
- Foundations
- Corporations & Law Firms

SOURCES OF RISK CAPITAL

STORIES & STORYTELLERS

- Angels
- Microloan Funds
- Pre-seed & Seed Funds
- State & Federal Government
- VCs and Private Equity

ADVOCATES

Media
One-to-One Communications
Resource Provider Storytelling
Social Media

- Chambers of Commerce
- Business/Trade Associations
- Policymakers &

Broad Base of OTF Match Providers and Ecosystem Partners

ESP LEAD ORGANIZATION

MATCH PROVIDERS

Burton D. Morgan

Foundati Fund for our Cleveland Futur

Foundation Charter

One Foundation

Fasenmyer

Foundation

Knight

KeyBa nk Foundation

Forest City

Foundation

Bank Medical

Mutual

Goldman First Energy

Sachs

Lincoln

Electric

ECOSYSTEM PARTNERS

Cities – Mayors, City

Councils County

and Cleveland State

University Case

Western University

Kent State

University

University of Akron

NASA Glenn

Eato n

Timke n

Business Assistance Investo Programs Sachs 10,000 Small Parker Businesses

Hannifin

Goodyear

2 -

6 -

6 - ADDITIONAL

123

A Proven, Highly Collaborative ESP Network

Current Process Centered Around Shared Resources & Strategies Amongst 15 ESP-funded Collaborators and Dozens of Other Partners

Deal Flow Meetings

- Shared applicant review
- Assess needs/issues
- Engaged with 111 new companies in FY13

Shared Resources

- Marketing/Events
- Web site
- Advisory services
- CRM

ESP NETWORK COLLABORATION

DEAL FLOW MEETINGS

NEEDS/ ISSUES IDENTIFIED

RESOURCES DEPLOYED

PROGRESS TRACKED
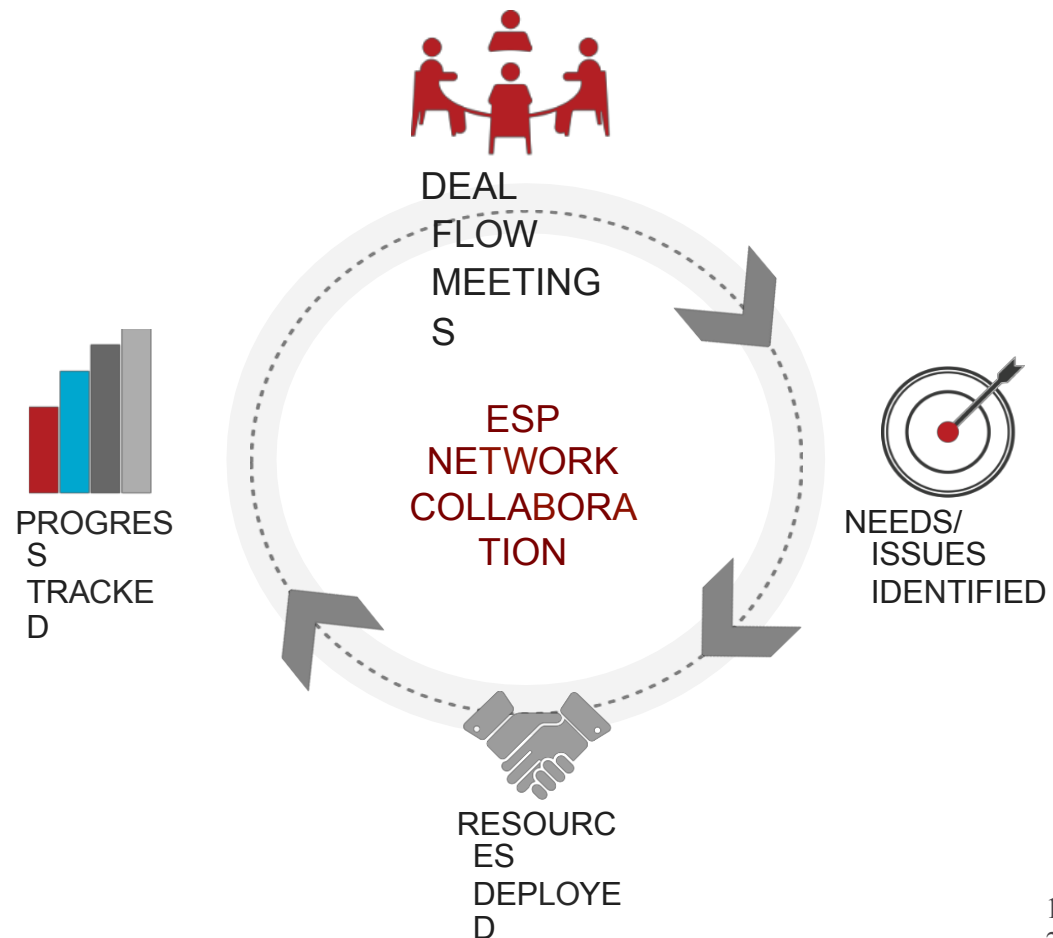
Economic Impact Increasing via 'Gazelles' & Pipeline

$1.1B

Statewide Economic Impact Generated by a Subset of Northeast Ohio ESP Supported Companies Since 2010

$450M

$300M

$166M
90 COMPANIES
2010

$268M
121 COMPANIES
2011

$273M
127 COMPANIES
2012

$424M
245 COMPANIES
2013

$150M

$0M
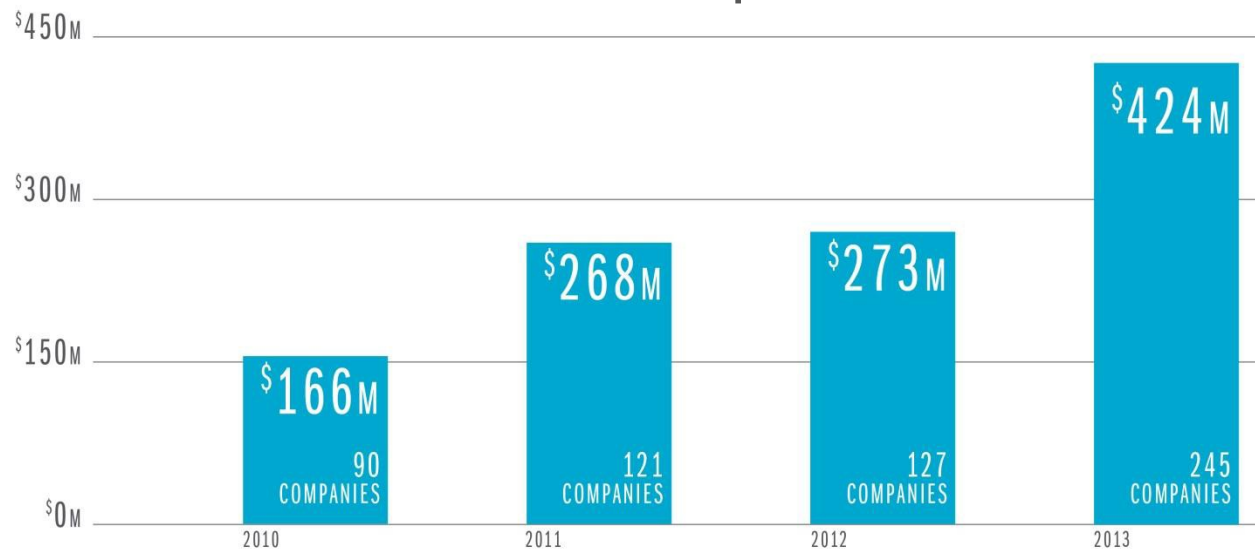
CY 2013 Totals

$424M
Economic Impact

$45M
Taxes

$142M
Household Earnings

2,383
Jobs

- Source: Maxine Goodman Levin College of Urban Affairs, Cleveland State University
- Comparable methodology to Battelle OTF study
- Based on IMPLAN model which calculates direct, indirect and induced impacts
- 2013 Results published March 31, 2013

IT Sector Profile

Capital Efficient, Faster Revenue Generation and Job Creation, More Modest Follow-on Funding

| COMMERCIALIZATION PHASES | IMAGINING | INCUBATING | DEMONSTRATING | MARKET ENTRY | GROWTH & STABILITY |

ACCELERATORS
- Bizdom
- LaunchHouse

INCUBATORS
- Akron Global Business Accelerator
- Braintree Business Development Center
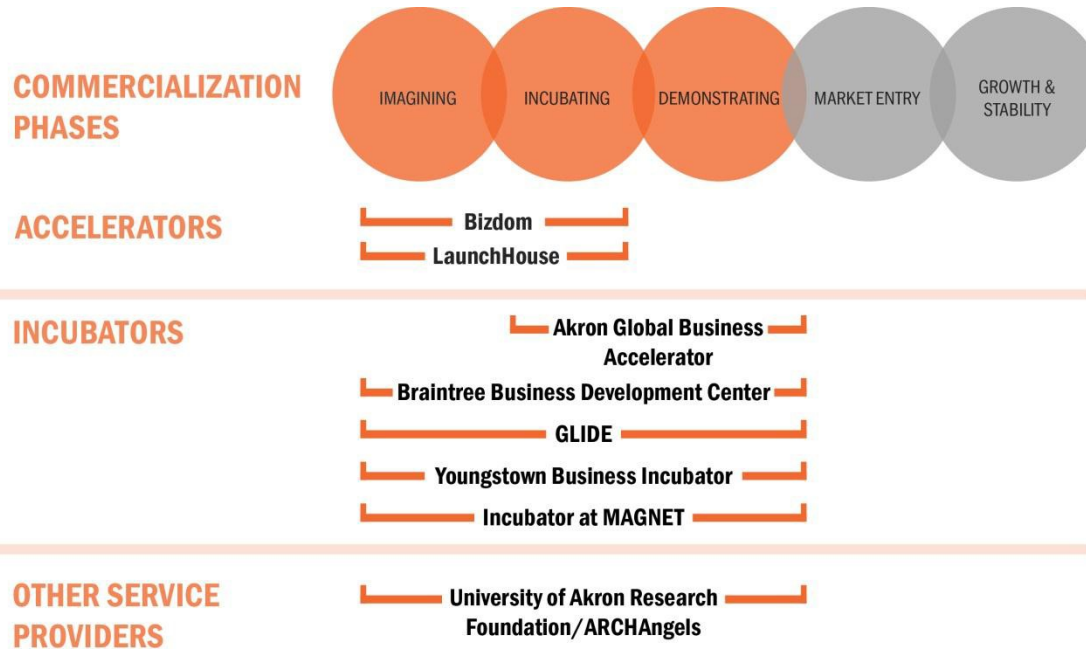- GLIDE
- Youngstown Business Incubator
- Incubator at MAGNET

OTHER SERVICE PROVIDERS
- University of Akron Research Foundation/ARCHAngels

FY13 Results – 162 companies

1202 jobs

$57M revenues

$50M capital raised

Knotice
(Akron Global Business Incubator tenant)

- $500k investment from JumpStart, 2006
- Grows to 70+ employees, 2012
- Acquired by IgnitionOne 2014

Healthcare Sector Profile

Large Amounts of Capital Needed, Longer Path to Commercialization, Job Creators

COMMERCIALIZATION PHASES

IMAGINING — INCUBATING — DEMONSTRATING — MARKET ENTRY — GROWTH & STABILITY

ACCELERATORS

INCUBATORS
- Akron Global Business Accelerator
- BioEnterprise
- GLIDE
- Incubator at MAGNET
- Austen Bioinnovation Institute
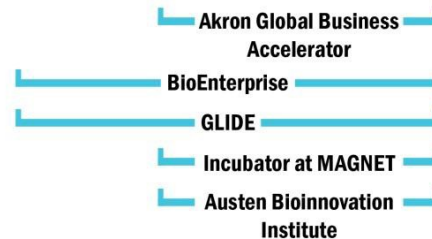
OTHER SERVICE PROVIDERS
- NEOMED
- University of Akron Research Foundation/ARCHAngels

FY13 Results - 96 companies

942 jobs

$41M revenues

$167M capital raised

CardioInsight (ioEnterprise tenant)

- Developed at CWRU
- Initial JumpStart Investment, 2006
- Received $1M from Ohio Third Frontier to commercialize its technology
- Raised $15M

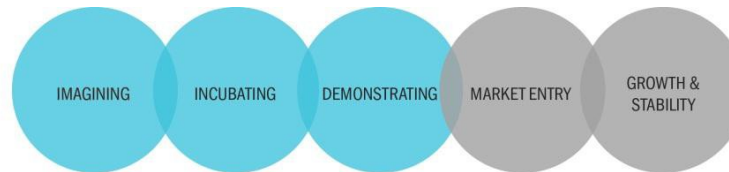# Energy/Advanced Materials Sector Profile

Large Amounts of Capital Needed, Longer Path to Commercialization, Job Creators

COMMERCIALIZATION PHASES

IMAGINING | INCUBATING | DEMONSTRATING | MARKET ENTRY | GROWTH & STABILITY

ACCELERATORS

INCUBATORS
- Akron Global Business Accelerator
- Braintree Business Development Center
- GLIDE
- Incubator at MAGNET

OTHER SERVICE PROVIDERS
- Ohio Aerospace Institute
- Tech Belt Energy Innovation Center
- University of Akron Research Foundation/ARCHAngels
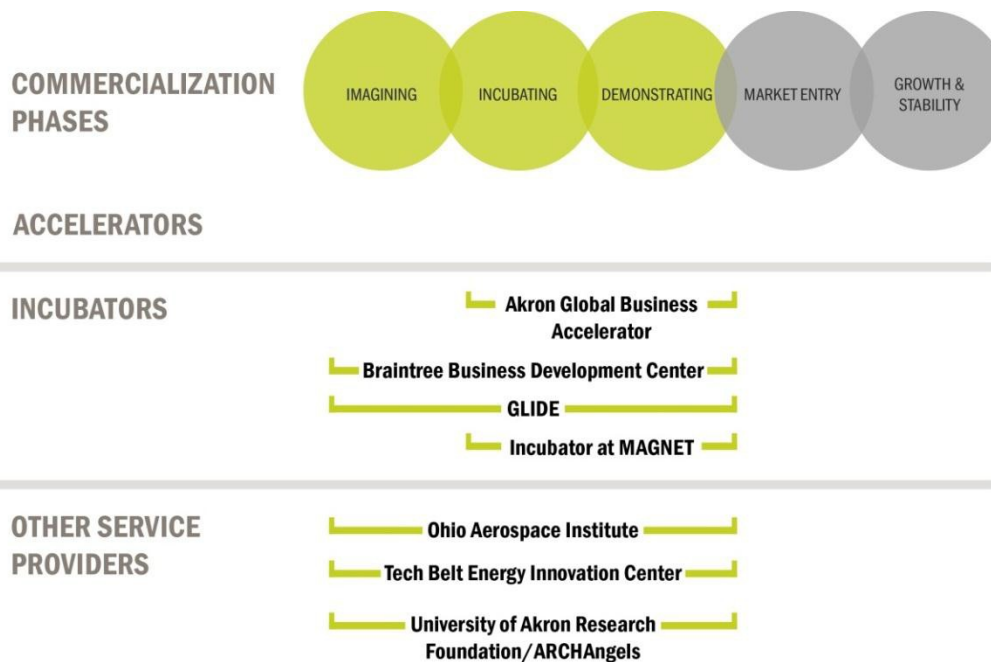
FY13 Results - 49 companies

301 jobs

$11M revenues

$39M capital raised

Catacel
(orTech cluster member)

- JumpStart investment, 2009

- New plant and innovation facility opened in Ravenna, 2013

- Projected $5M in

Looking Ahead: Tools for Tighter ESP Integration

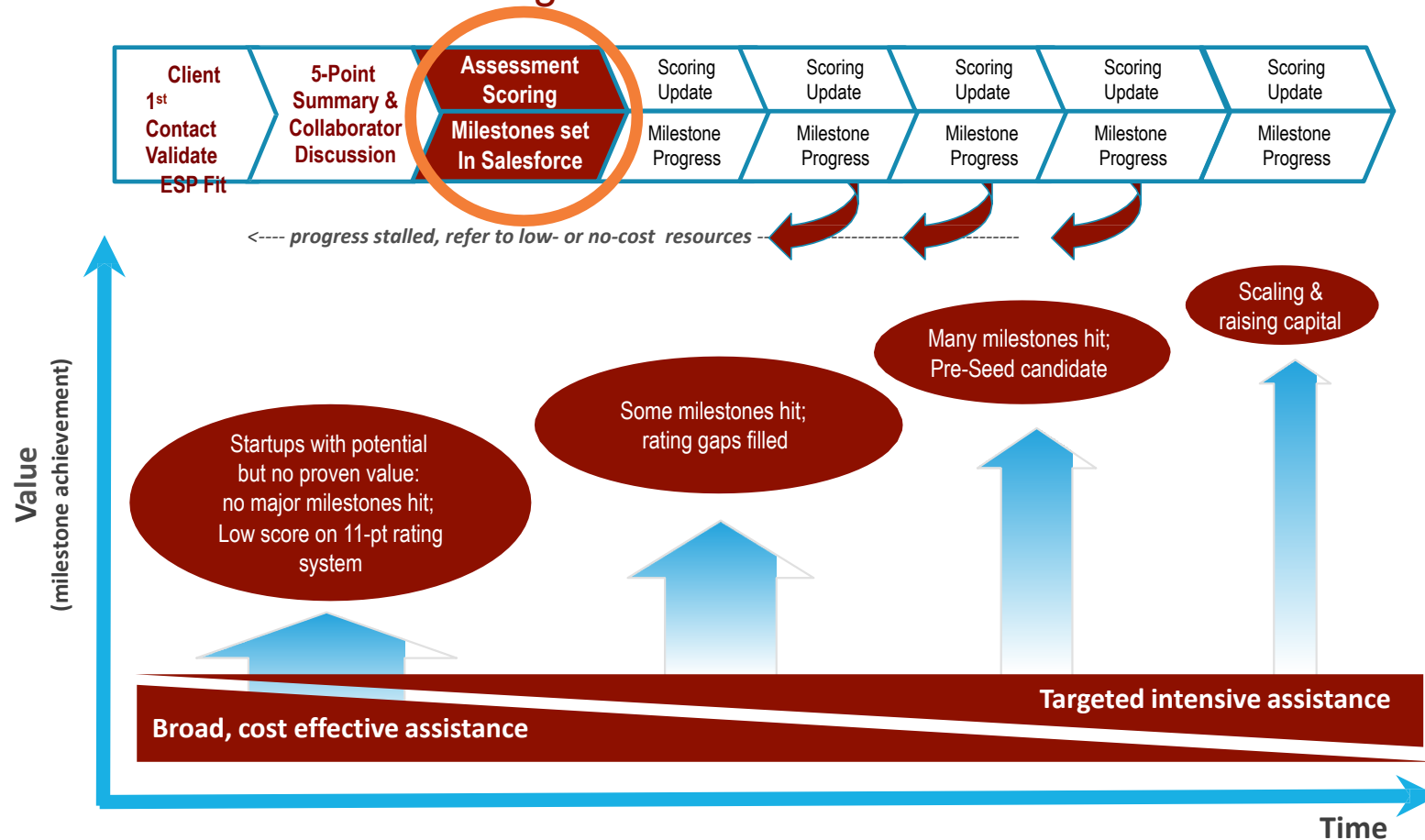- Tighter Milestone Tracking: Ensure Progress Within Stages of Development
- Assessment Scoring: Focus More Resources on Higher Potential Companies

ESP Deal Flow Management - Salesforce CRM

Looking Ahead: Tools for Closer Network Integration

Critical Success Factors - Salesforce CRM

MARKET	• MARKET SIZE • MARKET SIZE VALIDATION
PRODUCT	• PRODUCT DEVELOPMENT • PRODUCT EXECUTION
VALUE PROPOSITION	• MARKET NEED/VALUE PROPOSITION • COMPETITION/COMPETITIVE ADVANTAGE
SALES MODEL	• SALES PROCESS • SALES EXECUTION
TEAM	• TEAM COMPOSITION • CEO SCORE
OUTCOMES	• OVERALL EXECUTION • JOBS/REVENUES/FUNDING POTENTIAL

Assessment Scoring

- Identify and track company's gaps across critical success factors
- Helps assign resources
- Ranks company relative to other clients

Informs

Setting & Tracking Milestones

- Ensure timely completion of milestones
- Track progress *within* commercialization stages

Result

Ensures Resources are Deployed to Higher Potential Companies

Opportunity: Entrepreneurial

A+ Talent Gap

- Lack of C-level leadership with startup experience
- Need technical talent – particularly software developers
- Governance structure

OPPORTUNITIES :

Build on Success of Current Talent Initiatives

- Continue 'Adaptive Excellence' best practices
- Momentum from 518 placements since 2010
- Market to 'boomerangers,' affinity groups

Expand Mentoring

- Build on 3000 hours donated to date
- Expand mentor teams, create 'ad hoc' pool

Partner to Create/Retain Technical Skills

- Promote Software Craftsmanship Guild
- Market to retain Ohio college graduates

Opportunity: Build
Entrepreneurial Skills

Entrepreneurial Business Skills Gap

- Startups have a wide range of needs
- Very early companies need basic help to get started
  - Common gaps:
    - Validating product & market
    - Business planning & fundraising
    - Building a winning team
    - Sales strategy & execution

OPPORTUNITIES:

Online Educational Materials

- Curated educational content 'mapped' to company assessment
- Supplement technical assistance to create efficiency

Shared Services

- Build Network expertise and shared services in core areas of talent, sales, access to capital
- Identify new service providers to accelerate outcomes including:
  - Sales lead generation
  - Software development for minimum viable products
  - Sales pipeline CRM
  - Market research

Opportunity: Early Stage Capital

Early Stage Capital Gap

- An estimated 50 local startups will seek Series A capital in 2014

Percentage of Total Deals that are Series A (2007-2013)
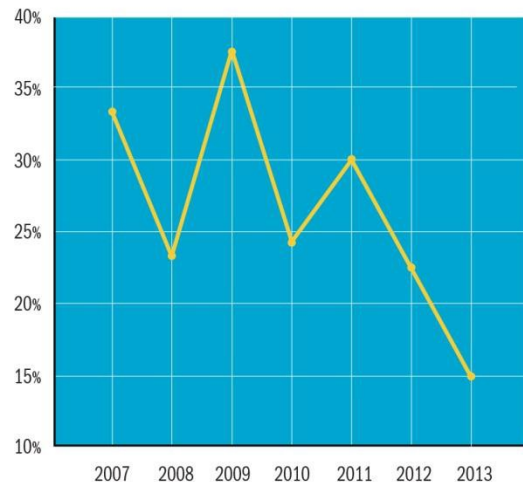
Percentage of Companies Receiving Series A Investment (2010-2013)
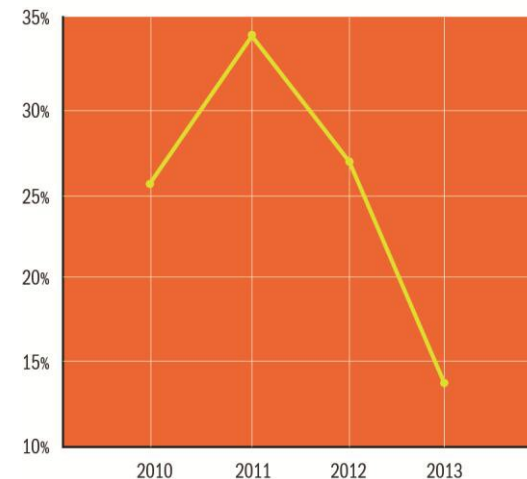
OPPORTUNITIES

- Continue Building Strong Relationships With Funders Out-of-Region
- Create Rigorous Training Programs So Companies Can Compete More Effectively for Dollars
- Expand Services to Help Eligible Companies Apply For and Secure Non-dilutive Funding
- Intensify Marketing Efforts

15

Opportunity: Marketing

Connect with Stakeholders, Funders, Entrepreneurs, Investors:

DIGITAL MARKETING METRICS JANUARY 2014

DELIVERING RESULTS IN NEO & BEYOND

MONTHLY REACH
76413
ACTIVELY ENGAGED

3% OVER LAST MONTH

NOTABLE HAPPENINGS IN JANUARY
* JUMPSTART AMERICA WEBSITE MERGER
* CAPTURING CAPITAL EVENT

BY THE NUMBERS

JUMPSTARTINC.ORG	13118 UNIQUE VISITORS
JUMPSTARTNETWORK.ORG	880 UNIQUE VISITORS
JOBFORCE (JOB POSTINGS)	4178 UNIQUE VISITORS
NEOEXPO.ORG	93 UNIQUE VISITORS
TOTAL WEB TRAFFIC	**18269 UNIQUE VISITORS**
@JUMPSTARTINC	5624 FOLLOWERS
@JUMPSTARTUS	1386 FOLLOWERS
@JUMPSTART_JOBS	859 FOLLOWERS
FACEBOOK	527 LIKES
LINKEDIN COMPANY PAGE	1011 FOLLOWERS
LINKEDIN NETWORK GROUP	629 MEMBERS
LINKEDIN TECH TALENT GROUP	690 MEMBERS
PINTEREST	151 FOLLOWERS
YOUTUBE	906 VIDEO VIEWS
FLICKR	COMING SOON
JUMPSTART PODCASTS	419 DOWNLOADS
CONNECT FOR COMMUNITY	15406 SUBSCRIBERS
CONNECT FOR ENTREPRENEURS	13995 SUBSCRIBERS
INSIDE INCLUSION	2776 SUBSCRIBERS
CONNECT FOR TECH TALENT	9285 SUBSCRIBERS
CONNECT FOR REGIONAL LEADERS	1108 SUBSCRIBERS
CONNECT FOR INVESTORS	1794 SUBSCRIBERS
EXTERNAL BLOGS	1577 READERS

THOUGHT LEADERSHIP

TOP-PERFORMING BLOGS LAST 3 MONTHS	VIEWS
8 Must Read Mentoring Articles	Zaleski	1187
6 Habits Of Highly Effective Mentors	Dearborn	244
Angel Investing: 10 Key Facts To Know	Gries	199

EXTERNAL BLOGS	VIEWS
11/25 - HUFFPO - The 5 Types Of Mentors To Avoid	Hughes	1577

NEW VIDEOS	VIEWS
1/23 - 8 Entrepreneurs Offer Advice	173

NEW PODCASTS	DOWNLOADS
1/15 - NEO: A Role Model For Global Entrepreneurship? (MOOC)	121
1/30 - Capturing Capital: A Panel Discussion (JS Event)	29 (in 2 days)

BROADCAST EMAIL STATS

NAME	SEND DATE	TOTAL AUDIENCE	OPEN RATE	TOP CLICK
2014: Bright Futures Ahead	Inside Inclusion	1/9/14	2309	21%	Working At A Startup Podcast
Why Tech Jobs Are For Everyone	Connect for Tech Talent	1/10/14	8435	22%	"38 Open Jobs" Link
NEO Entrepreneurship Going Global	Connect for the Community	1/16/14	12604	17%	Expo "Save The Date" Link
You're Invited! Entrepreneur Events For Winter	1/17/14	11406	18%	10ksb Panel Event Link
Essential Advice From Entrepreneurs	Connect for Entrepreneurs	1/23/14	11408	18%	Entrepreneur Advice Video
Tech Job, Work-Life Balance	Connect for Tech Talent	1/24/14	8503	20%	"All Open Jobs" Link

MONTHLY JOB NUMBERS

Posted Jobs Unique Visitors	4178
Posted Jobs Total Visitors	5147
Posted Jobs Page Views	12749
Average Available Jobs	40

LAST MONTH'S EVENT
Capturing Capital

Total Registrants	91
Actual Attendees	75
Minorities/Women	28%/33%

GOING MOBILE
Last month, **24.4%** of JumpStart's flagship site traffic and **39%** of email opens were on a mobile device. By June 30, all JumpStart emails will be mobile-optimized and a strategy will be outlined for a mobile-friendly website.

LISTEN UP
Podcast traffic continued to grow, setting another record with **419** downloads. Easily our fastest-growing medium for thought leadership, podcast downloads now total **4500+**.

Summary

Northeast Ohio: Strong ESP Collaboration Between 15 Organizations

- Current Process Working Well – Reflects Continuous Improvements
- Economic Impact to State Growing - $1.1B Total Since 2010

Looking Ahead: Process Improvements and New Analytics

- New Deal Flow Management System to Maximize Impact and Efficiency
- Heightened Alignment with Highest Potential Companies

Opportunities: Innovating to Address Entrepreneurial Gaps

- Build on Talent & Mentoring Programmatic Success
- Expand Entrepreneurial Assistance
  - Online education
  - Shared services
- Increase Access to Outside-of-Region Early Stage Capital
- Expand Marketing Impact Through Increased Use of Digital Media

SUPPORT FOR HIGH POTENTIAL ENTREPRENEURS IN SOUTHWEST OHIO

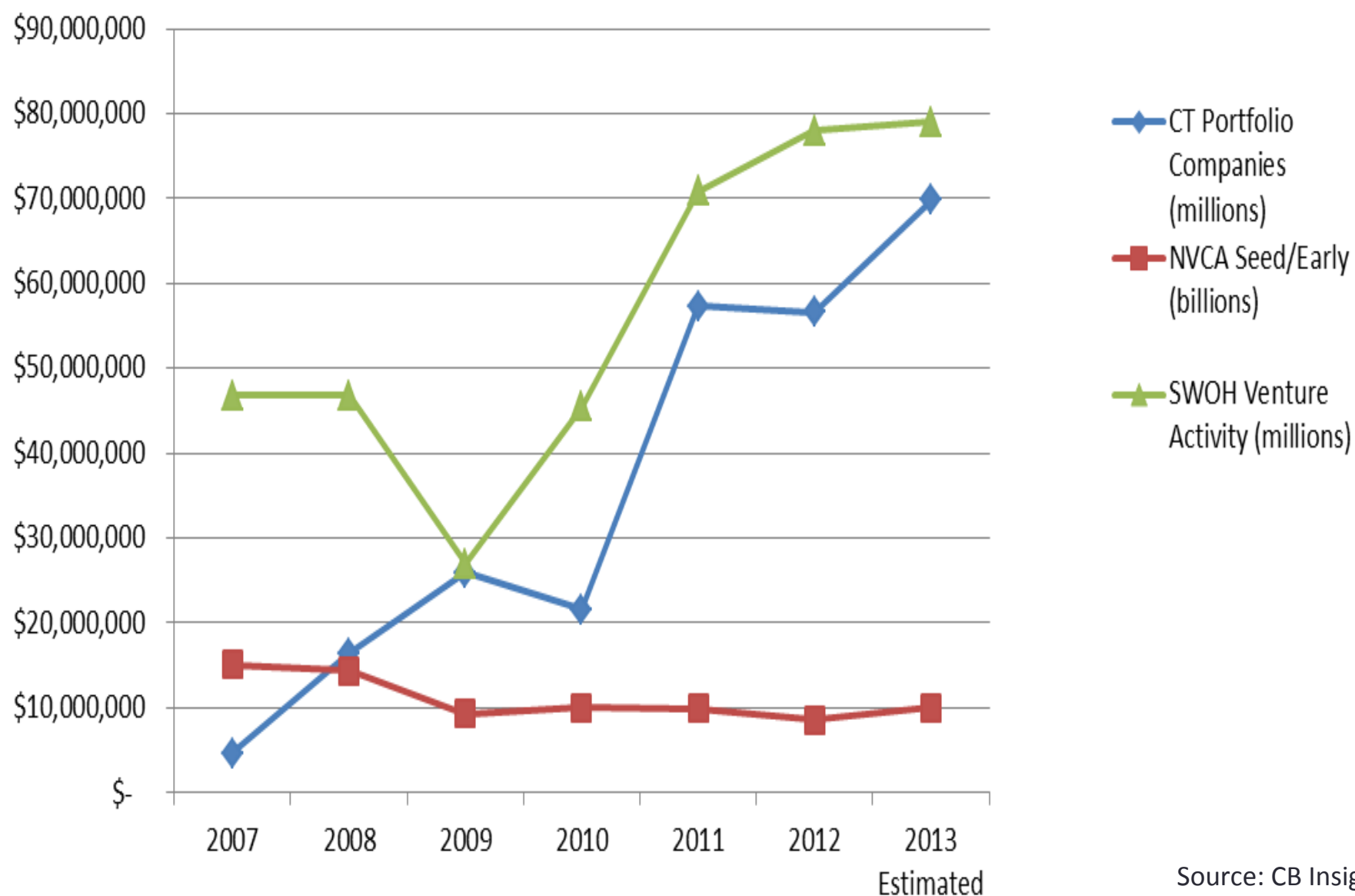**Third Frontier Commission**

April 9, 2014

Ecosystem Equation

Entrepreneurs with ideas (deal flow)	Investors willing to back those ideas	Consumers willing to buy new products
⬆	⬆	⬆

Southwest Ohio Compared to National Venture Capital Trends

Legend:
- CT Portfolio Companies (millions)
- NVCA Seed/Early (billions)
- SWOH Venture Activity (millions)

Source: CB Insights

Detroit Venture Partners
General Motors Ventures
Jump Capital
Portage Venture Partners
Sigvion Capital
Venture Investors Early Stage

Northwater Intellectual Property Fund

Novartis Bioventures
Triad Investments

Braemar Energy Ventures
Mitsui & Co. Venture Partners

Alafi Capital Company
Claremont Creek Ventures
Draper Fisher Jurvetson
Four Rivers Ventures
Healthcare Venture Capital
Kearny Venture Partners
Sequoia Capital
Thomas Weisel Healthcare Ventures
Walden Ventures

Draper Triangle Ventures
Drive Capital
Allos Ventures
jVen Capital

Numoda Capital Innovations

Athenian Venture Funds

Fort Washington Capital Partners
Triathlon Medical Ventures
Tri State Growth Capital Fund
Vine Street Ventures
Vora Ventures

Arsenal Venture Partners

Novo A/S

DENMARK

Sources of TF Support by Program

	Accelerator	ESP	Incubator
Brandery	x	x	
CincyTech (ESP Manager)		x	
Cintrifuse		x	
Hamilton County Business Center		x	x
UC Accelerator		x	

INDEPENDENT   COMPLEMENTARY
COLLABORATIVE

Brandery

- Leveraging region's branding and marketing expertise
- $20,000 grant awards
- 14 week program
- Over 70 mentors
- Introductions to seed stage investors
- 36 Graduates have raised $45 million
- Top 10 accelerator in US

CincyTech

- ESP Manager
- Advisory services, grants, and seed capital
- Advised 240 companies; invested in 49
- Capital raised: $345 million
- People employed: 540 @ $66,000 average wage
- 3 exits
- Organizer of seed stage syndicates
- Expanded the pool of high net worth investors
- Focus ESP resources on HPC deal flow creation

Cintrifuse

- $52 million fund of funds with early stage focus

- 38,000 sq. ft. Hub campus under development

- New initiatives to connect startups to talent, mentors, advisors, and pillar companies

Hamilton County Business Center

- 90,000 sq. ft. incubator
- Office space, access to resources, coaching, and mentoring
- 35-50 clients annually

Southwest Ohio Venture Capital Continuum
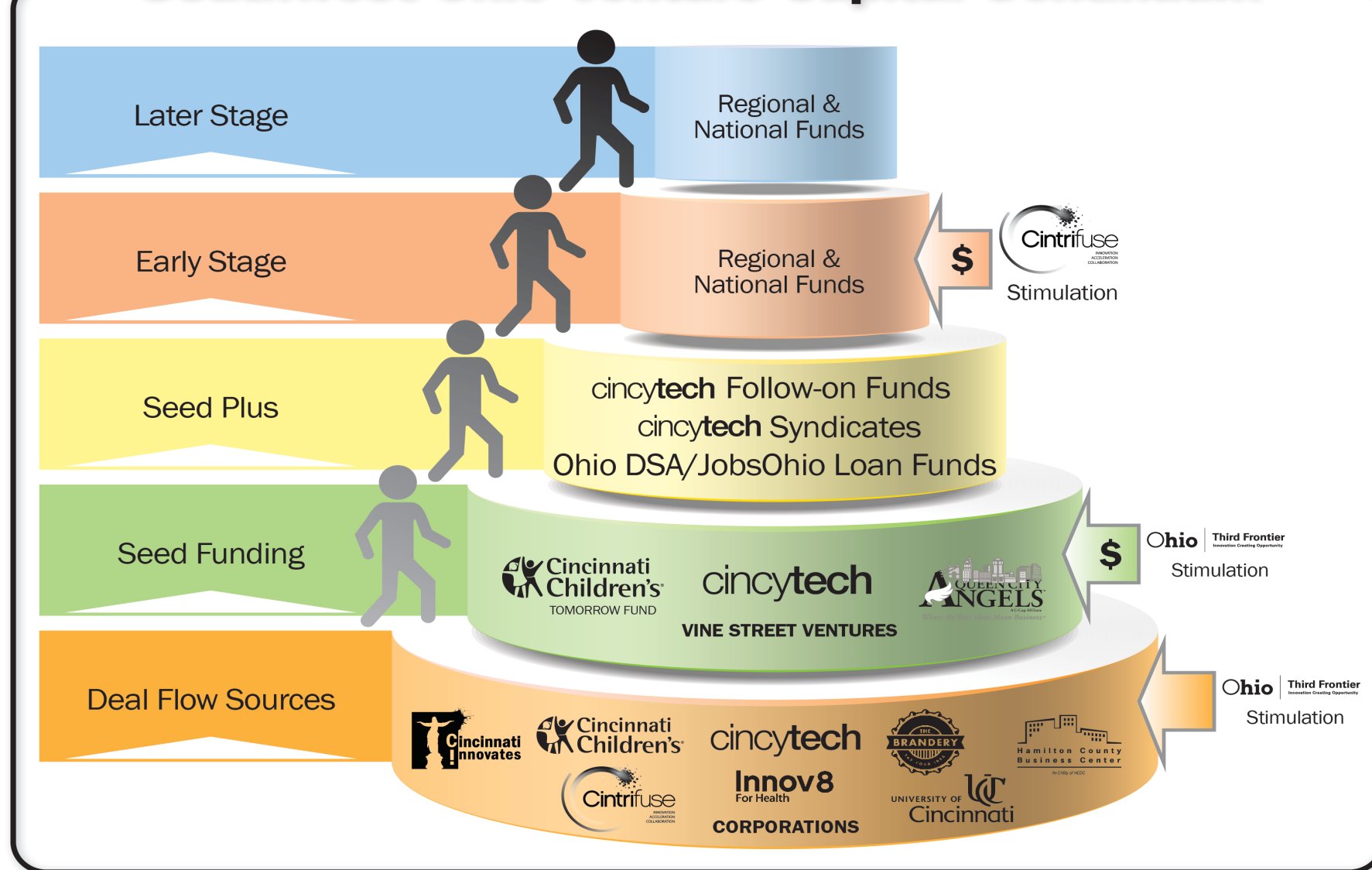
Ecosystem Gaps

- C-level and technical talent with scale up experience
- Early stage capital; on-going need for seed
- Corporate linkages for proof of concept and reference customers
- Local life sciences fund to lead and syndicate
- Health care accelerator
- Racial and gender diversity

Success Metrics

Metrics	Direction
# of high potential companies formed	⬆
Capital invested at seed and early stage	⬆
Venture debt	⬆
3-5 meaningful exits	⬆
New jobs created	⬆
Revenue generated	⬆
State tax revenue	⬆
Incubator graduates	⬆
Research institutions spinouts	⬆
Companies mentored	⬆

Systemwide Opportunities

- Health care accelerator

- Operating support for accelerators

- Hybrid co-work/service hubs

- Customer connection initiatives

- Research institution startup initiatives

- HR in a Box

Western Region Synopsis

- The entrepreneurial ecosystem is well connected and is led by Accelerant™ at the Dayton Development Coalition and The Entrepreneurs Center (TEC) incubator

- Accelerant has made a major transformation in the past year
  - Personnel, procedures, investment structure, direction, community visibility, branding

- There has been a significant improvement in the pipeline (>150 in 2013)

- New community support: raised >$6M locally for new pre-seed capital fund

- The ecosystem has a common CRM database, hosting of events, networking investors and entrepreneurs, a regional master calendar of events, and an inventory of all partners and services

- Regional Gaps:
  - Better sharing of pipeline and serving clients
  - Better SBIR conversions to commercialization
  - More Early Stage Capital
  - CEO Talent

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What does entrepreneurial success look like?

- A <u>good feeder system </u>providing a large number of quality opportunities for ESP support and potential investments
- A <u>large number of companies who receive entrepreneurial services </u>– mentoring, business plan assistance, technical evaluation and guidance
- <u>Investment in ~10 new high potential </u>start-up companies each year
- <u>Creating Venture interest </u>and financing for the next round of company financing
- <u>Significant A metrics </u>(revenue and follow-on financing)
- <u>Strong partnering </u>with universities, hospitals, and accelerators to obtain new deal flow and to provide support
- <u>Strong deal flow </u>to and from the incubators and the ESP organization
- <u>Strong connections </u>with the technology drivers at WPAFB and other partners to identify marketable technologies with strong commercial potential

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Sources of Deal Flow; Pipeline

Sources of Deal Flow

DRSF (2007): 34% Instruments/Controls/Electronics; 34% Advanced Materials and Manufacturing; 19% IT/Software development; 13% Biosciences

- Educational Institutions
- Research Institutes – UDRI, WSURI, WBI, National Composite Center, AFRL
- DDC *Jobs Ohio* and Defense/Aerospace organizations
- Events
- Word of Mouth Referrals and other entrepreneurs
- Media Publicity
- Healthcare networks
- Corporations
- Law Firms, Accounting Firms
- The Brandery

Pipeline

- Accelerant saw over 150 new opportunities in the second half of 2013
  - Now ~ 75% IT and Biosciences
- TEC has ~ 30 companies in their pipeline

An Initiative Of The Dayton Development Coalition

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Client Success Characteristics/Profile of Typical ESP Company

Client Success Characteristics:

- Entering the market quickly to rapidly succeed or fail/pivot
- Achieving corporate milestones to attract follow-on investment money
- Companies choose the right time to seek venture funding and support
- CEOs who can take great technologies and create viable commercial entities
- Moving quickly to cash flow positive

Typical Profiles of Companies We Seek:

- Companies that focus on commercialization right away
- Companies with strong, coachable, and proven management/leadership
- Companies with unique scalable technologies that fill an unmet market need
- Companies with a comprehensive financial and cash-flow plan
- Companies who can attract later stage VC financing or be cash-flow positive quickly

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Client's Obstacles to Success/How we Address

Access to Early Stage Capital

- We are launching a new pre-seed fund ~ $10M
- Seek co-investors for every deal
- Connect clients to VCs for next round of financing
- A new mezzanine fund is being launched in Dayton

Having qualified senior management to run the companies

- We are creating a database of experienced managers in the region
- TEC maintains a "Know-How Network"

Solid Marketing Strategies/Growth Plans and Quick Entry to Market

- Help create strong "Go-To-Market" Strategies (Staff)
- Utilize ecosystem members; Wright Brothers Institute's *Idea Lab*
- Connect clients to customers

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Selected Regional Stakeholders

| Institutional Investors/Stakeholders	Other Regional Stakeholders
CareSource	University of Dayton Business School
CYMI II	Wright State University Business School
Miami Valley Hospital	Montgomery County
University of Dayton Foundation	Dayton Chamber of Commerce
Wright State University Foundation	Springfield Chamber of Commerce
CityWide Development	City of Dayton
National Center for Industrial Comp.	Greater Dayton Area Hospital Association
Sinclair Community College	All Economic Development groups in the 14 country region
The Turner Foundation	The Brandery
Multiple Angel Investors	VCs and Angel Funds
	Banks, Accounting Firms, other Lenders
	Marketing Companies

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Regional Stakeholders/Resource Providers
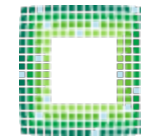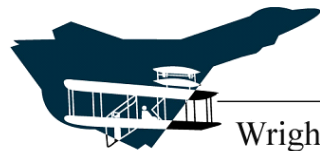
Partners who provide services

Business, technology and management support

- Primary: Accelerant and The Entrepreneurs Center
- Net Incubator
- Wright Brothers Institute
- IDCast
- Universities (through technology and business departments); UD, WSU, Sinclair CC
- National Composite Center
- SBDCs
- Aileron (Mathile Center for Entrepreneurial Education)

Financial support

- Accelerant pre-seed
- CityWide Development
- NCIC
- High risk bank lenders
- SBA lenders
- Outside VC funds (e.g., OTAF, Allos Ventures, etc.)

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Integration and Key Opportunities

Current level of integration

- Collaborative with referrals
- A new regional "SalesForce.Com" database was just rolled out
- ~20% of clients at TEC are funded by Accelerant

Benefits with closer integration

- More coordinated entrepreneur support
- A single value proposition for the region would result in better outcomes
- Better deal flow
- Avoid duplication of services

Key opportunities

- Monthly meetings with key ecosystem members
- Roll out of new Accelerant website to enhance connections
- Utilization of StartGrid – a a Dayton-focused on-line "Linked-In" system
- Optimize use of SalesForce database

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Operational Impacts of Closer Integration

Operational Impacts of Closer Integration

- Combined metrics for the entire ecosystem.
- Clients would become "clients of the ecosystem" - barriers reduced
- Monthly coordination meetings set up using existing CRM

Integration Impacts in terms of deal flow

- Accelerant and TEC should see a stronger pipeline of new deals

Integration Impacts in terms of types of companies served

- We see little change here – the criteria we have now for accepting new clients and investments works well
- More venturable companies might locate at TEC

Integration Impacts from a service and resource point of view

- Separate the activities for providing services resulting in a more efficient system:
  - A company funded by Accelerant will utilize the support of the Accelerant EIRs, but would not need as much support of those at the incubator
  - TEC's resources could focus on the non-venturable or pre-venturable companies

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Cautionary Advice for an Integrated Model

Need to distinguish among the types of companies each entity will be serving:

- TEC: Venturable (Accelerant funded), Pre-Venturable, and Non-Venturable
- Accelerant: All will be Venturable - some at TEC and some not

This is not an issue as long as all parties clearly understand and accept their respective roles and the state takes this into account when assessing success at Accelerant and at TEC

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Insights Learned in this Process

- The discussions have led to more clarity of purpose for each organization

- We can see better synergy of the two key entities and the role of the entire broader ecosystem

- The TEC board now has a more clear definition of how TEC and Accelerant are mutually supportive, with better understanding of the relative roles of each organization in the ecosystem

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Suggestions for the next ESP Funding Cycle

If the incubators are set up to serve "non-venturable," "pre-venturable," and "venturable" companies, and the ESP's are set up to serve only "venturable" companies, and if funding is combined, <u>the measurement of the success of the incubator must be different than the measurement of success for the ESPs.</u>

The Western Ohio Region is growing again and we look forward to future success.

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Thank you for the opportunity to present.

Questions?

Accelerant™

Next Steps

- **Future direction**

    1. **Program-based**: Three separate programs/competitions run in parallel

    2. **Regional community-based**: Single Request for Proposals

- **Funding request:** up to $50 million for Calendar Years 2015/16

- **Request for Proposals timeline**

    - Review and feedback: May 2014

    - Launch: May/June 2014

    - Proposal evaluation: August/September 2014

    - Funding recommendations: October 2014

    - Controlling Board approval & Grant Agreements: December 2014

Discussion