

Pulling together for **success**

INVESTORS

ENTREPRENEURS

SERVICE PROVIDERS

GOVERNMENT

Wisconsin Early Stage Symposium

NOV. 2-3, 2011 | MADISON, WI

Pulling Together For Success

Presented by:
Rich Bendis, President & CEO
Innovation America
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Madison, WI

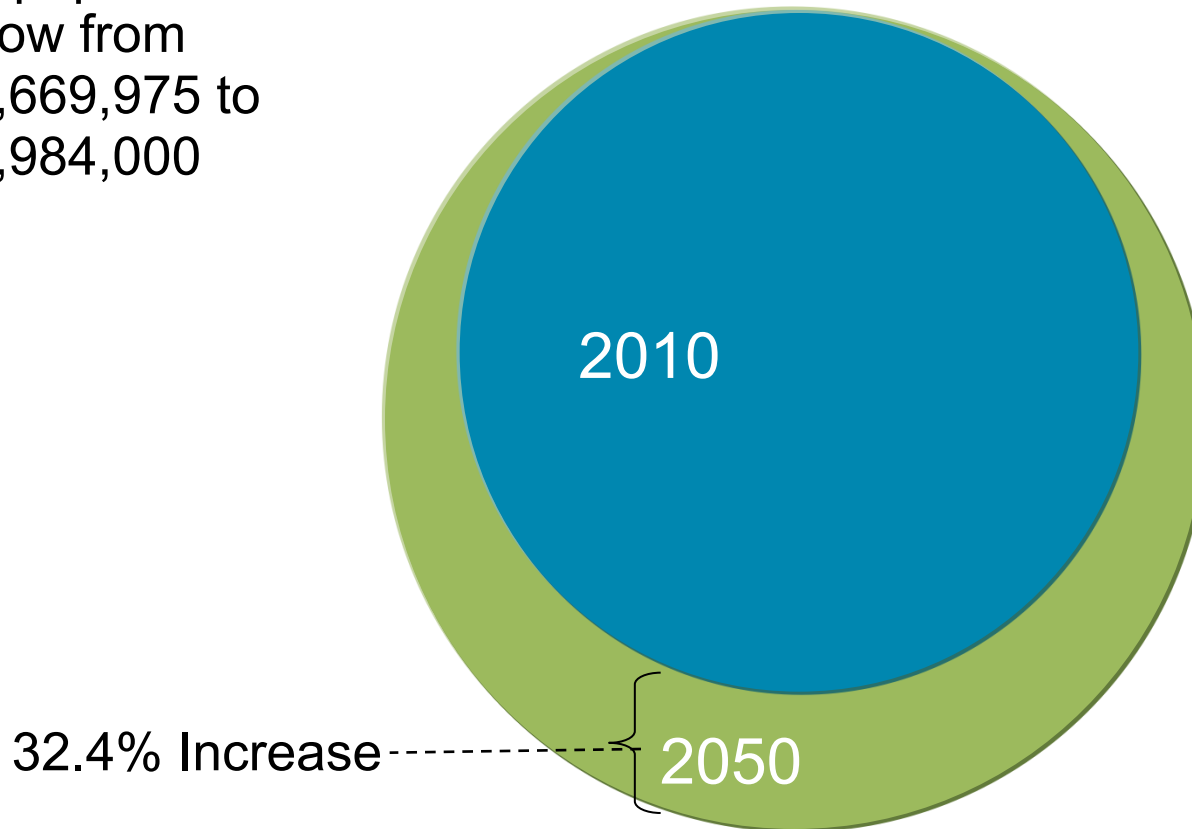
Rich Bendis BIO



- ✧ **Founder & CEO Innovation America**
- ✧ **Editor and Publisher innovationDAILY**
- ✧ **Active Venture Capitalist & Angel Investor**
- ✧ **Founder & President of Innovation Philadelphia**
- ✧ **Founder & President of Kansas Technology Enterprise Corp**
- ✧ **Int'l Speaker & Consultant to over 20 countries & 25 states/regions**
- ✧ **Board member TechnoPolicy Network, The Hauge**
- ✧ **Consultant to the United Nations & NATO on IBED**
- ✧ **Founding Board Member of SSTI and NASVF**
- ✧ **Former member of the U.S. Innovation Partnership Advisory Board**
- ✧ **U.S. member National Academy of Sciences (SBIR Review Committee)**
- ✧ **Member Eisenhower Fellowship Selection Committee**
- ✧ **Board Member of University City Science Center – Philadelphia**
- ✧ **Chairman & CEO of Continental Healthcare Systems (NASDAQ IPO)**
- ✧ **Former Executive with Quaker Oaks, Texas Instruments, Polaroid & Marion Laboratories**

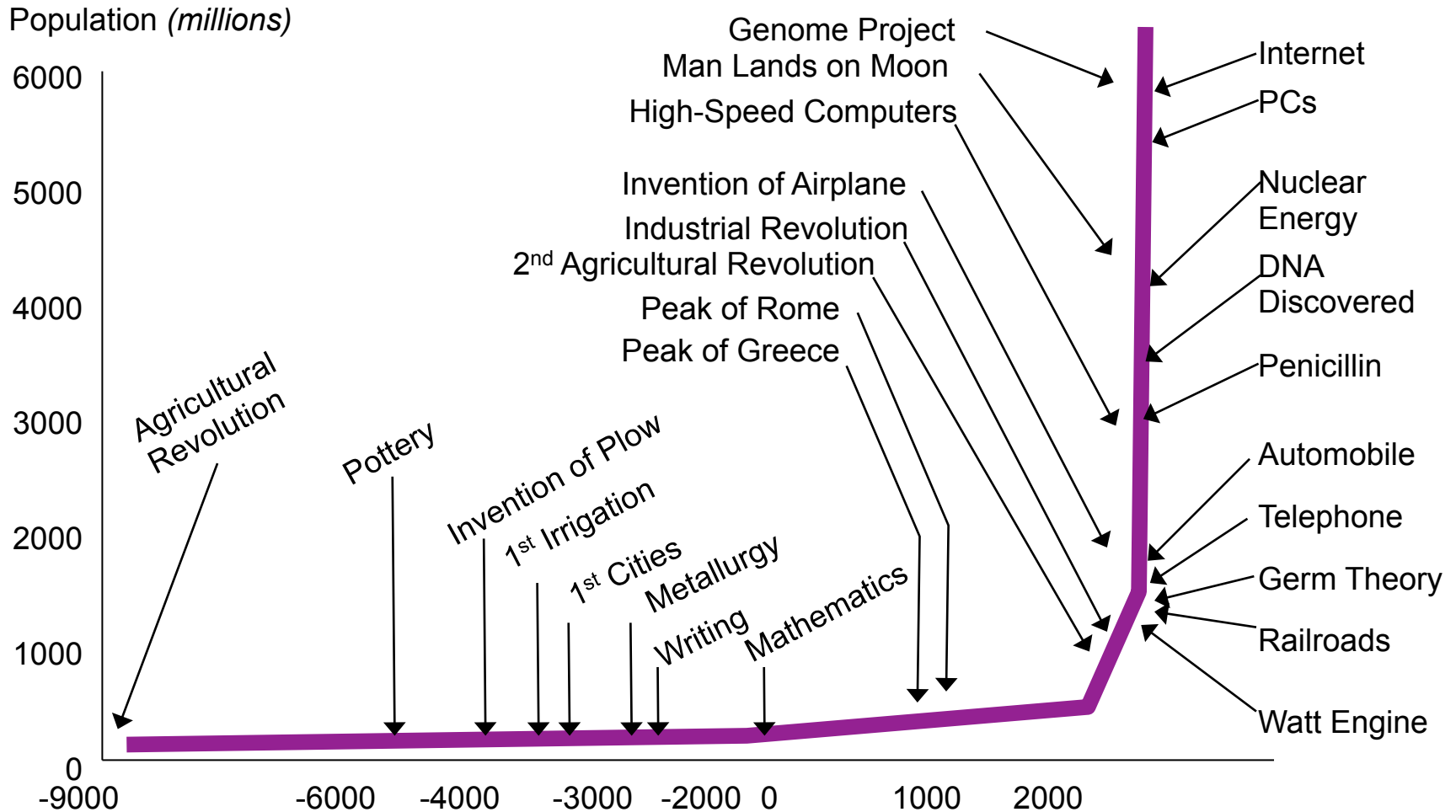
A Growing Population

World population
will grow from
6,892,669,975 to
9,149,984,000



Source: Scientific American, 2010

Growth of World Population and the History of Technology



Source: Milken Institute, Robert Fogel/University of Chicago

The Global Innovation Imperative

- Innovation is Key to Growing and Maintaining a Country's **Competitive** Position in the Global Economy and to address Global Challenges
- **Collaboration** among Small and Large Businesses, Universities, and Research Institutes is Essential for Innovation & Commercialization
- **New Institutions and New Incentives**, are increasingly important to support collaboration and foster innovation
- Competitive advantages are increasingly tied to human capital and innovation
- **Economic growth** is closely related to education/workforce, energy, climate change, environmental, natural resource, geopolitical issues & entrepreneurship



**OPEN
INNOVATION
MATTERS**

How Leading Regions Respond to the Innovation Imperative?

They are providing four things:

- High-level Focus
- Sustained Support for R&D: Leveraging Public and Private Funds
- Support for Innovative SMEs
- New Innovation **Partnerships** to bring new products and services to market



Why Is Innovation Essential?

***“INNOVATION
DISTINGUISHES
BETWEEN A LEADER
AND A FOLLOWER.”***

-STEVE JOBS



Defining Innovation

INNOVATION is the creation and transformation of knowledge into new products, processes, and services that meet market need.....and interactions, entertainment forms, and ways of communicating and collaborating



Open Innovation Defined

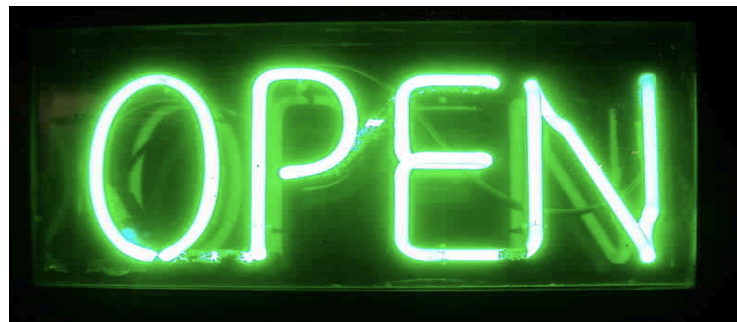
“Open innovation is a paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as the firms look to advance their technology.”

Henry Chesbrough



Trends & Predictions in Open Innovation

- Innovation involves more than just R&D (seriously!)
- Not enough invented here so look outside
- Ideas are precious so manage them
- Experiment with Collective Intelligence and crowdsourcing
- Innovate the Innovation Process (and do it properly for a change)
- Innovators learn to love measurement and ROI
- The future is cheap ... and coming from the bottom of the Economic Pyramid
- Don't be surprised that your CEO gets very interested in innovation
- Innovation with full-time staff & a full-time trained staff are best.

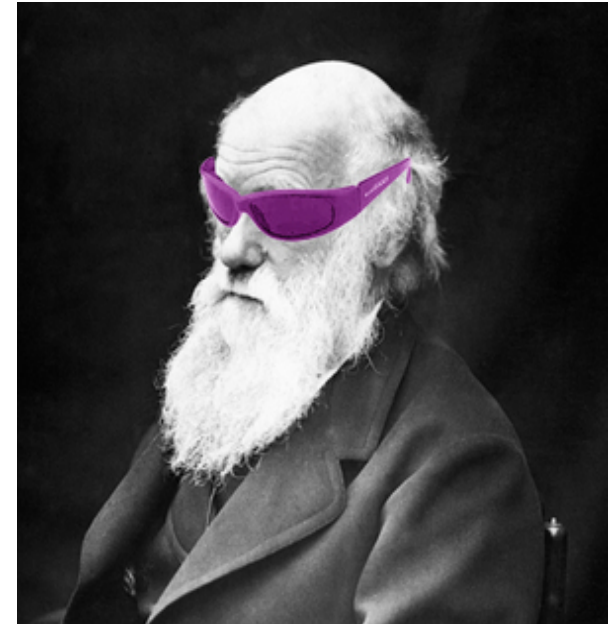
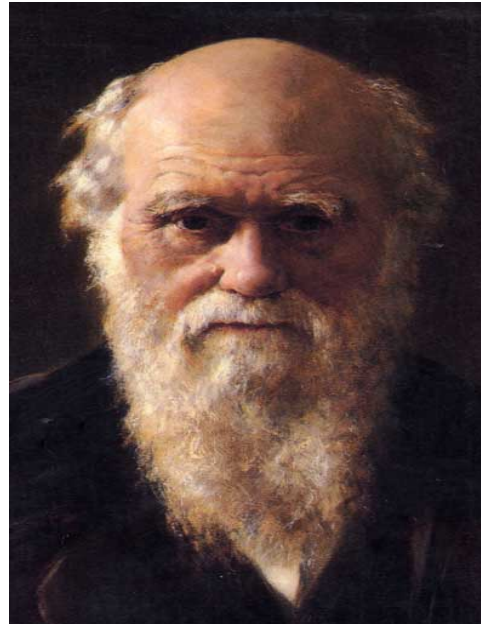


Source: Mark Turrell, CEO of Imaginatik

Change Is Inevitable

“ It is not the strongest of species that survive, nor the most intelligent, but the ones most responsive to change.”

–Charles Darwin



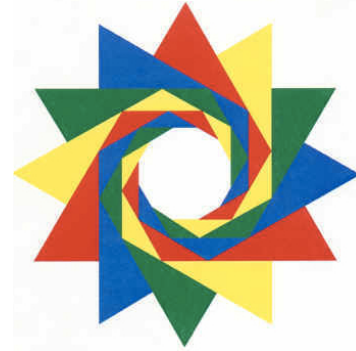
The Six Driving Forces of Change

- Commoditization
- The Digital Revolution
- Social Mediaization throughout society
- Global Open Innovation
- The Turbulent World
- Acceleration (or running faster to stay in the same place)



Implementing a New Innovation Paradigm

- Deviate from traditional perspectives
- Encourage public investment and risk taking
- Develop trust through collaboration
- Ensuring responsiveness to partners' missions
- Build consensus of all constituents through education, participation, and positive outcomes
- Move from Tech-Based Economic Development (TBED) to.....



Innovation-Based Economic Development (IBED)

Goals of Innovation-Based Economic Development

Intervene at the margins of private sector investment flows of capital (financial and intellectual) to:

- Address economic transition
- Capture the benefit of investments in research and development, higher education
- Build entrepreneurial cultures
- Help existing industries modernize
- Diversify both rural and urban economies
- Develop global innovation network

Goals



Innovation Paradigm Shift

PROOF OF CONCEPT
(Technological Feasibility)
“It Works!”



The Historic  Garage
invent

PROOF OF COMMERCIAL RELEVANCE
(Market Pull)
“I’ll Buy It!”



CASH IS KING!

University Commercialization Centers

THE GAP



Academic Research

- Federal Grants
- Corporate Sponsored Research

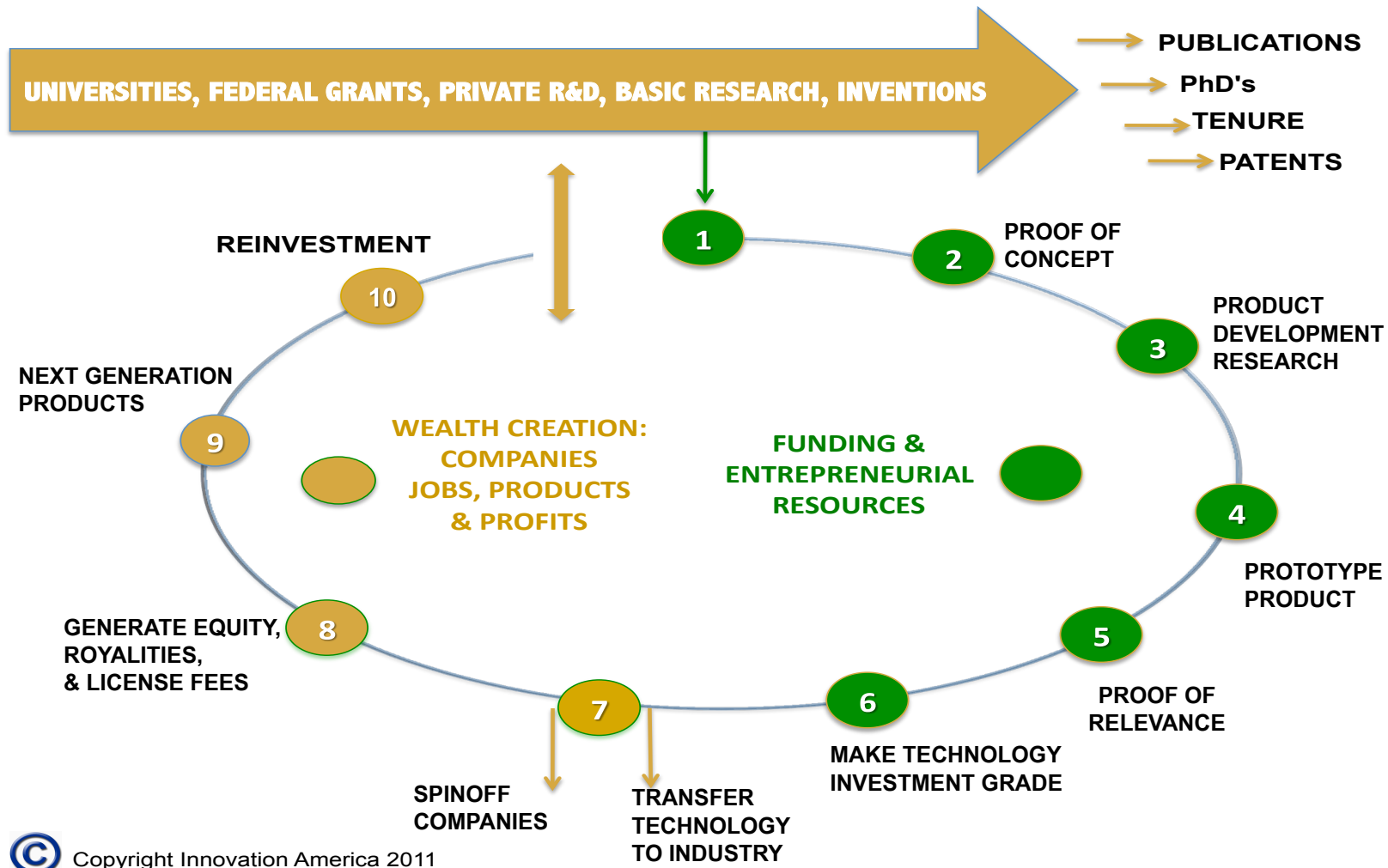


Commercial Enterprise

- Investors
Commercialize
- Angels
 - VC's
 - Corporations

- » Technology risk
- » Market risk

Innovation America Commercialization Model



Copyright Innovation America 2011



University Research Park

- 255 Acres developed
- 36 Buildings; 1.5M sq. ft under roof
- \$160+ Million value
- \$3 Million per year in property taxes
- 114 Tenants with over 3,500 employees; average salary \$60K
- \$210 Million in annual payroll
- Metro Innovation Center just opened
- URP² being planned





Wisconsin Alumni Research Foundation “WARF”

- Receives \approx 400 disclosures annually; Accepts \approx 65%
- Licenses \approx 70 technologies annually (30% to WI companies)
- Provides \approx \$80 million to University annually
- Pays Royalties to 300+ UW-Madison researchers
- Holds equity in 40 UW Spin-offs



Kansas ICC's

Investment Grade Technologies Development Risk

- Applied Research Project
- Innovation
- Development Risk
- Market Risk
- Management Risk
- Growth Risk

Innovation and Commercialization Corporations

Independent 501(c)(3) not-for-profit
Independent Board of Directors
President with commercialization experience
For Profit Seed Capital Funds

- Business Plan Consulting
- Financial Expertise
- Management & Operations Consulting
- Marketing & Sales Strategies
- Guidance in Accessing Financing
- Training
- Market Research
- Due Diligence
- Technical Review

\$



General Incubator Services

Quality Investments

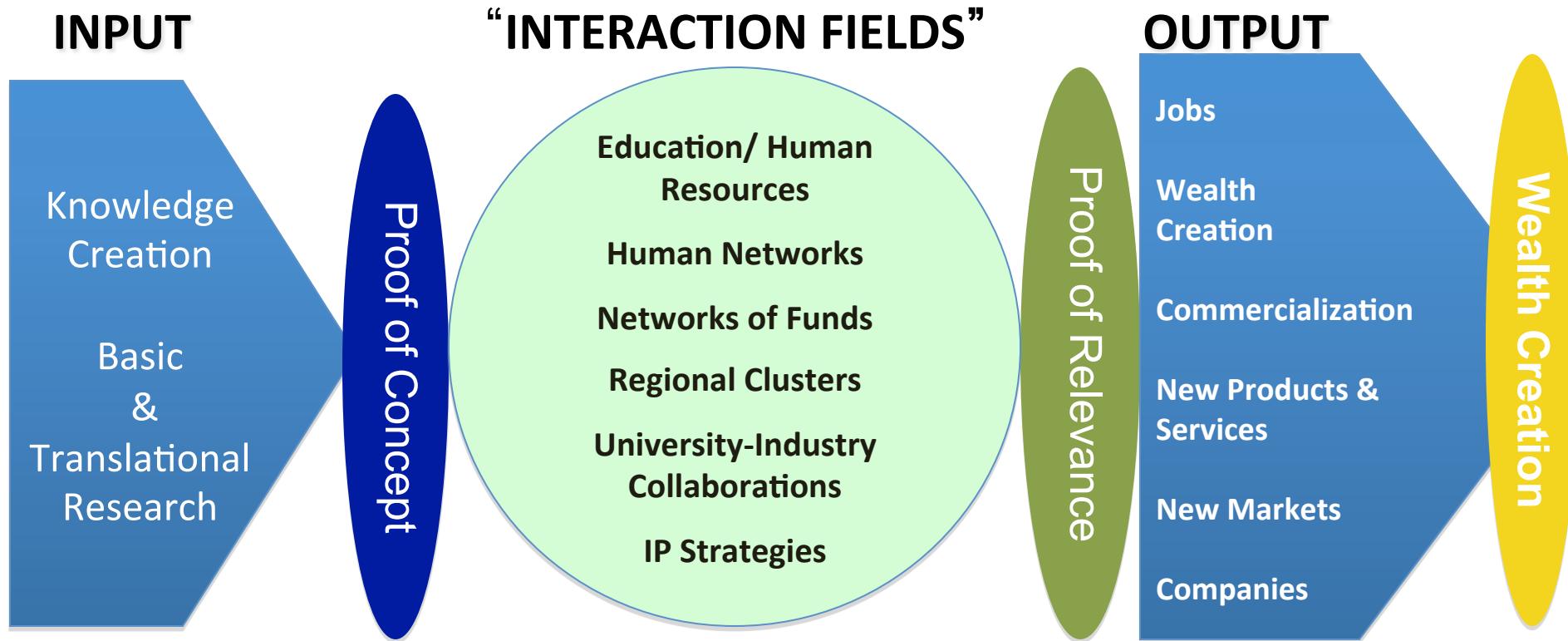
Start-up Company

- *Market Risk*

Seed Capital

- Market Risk
- Management Risk
- Growth Risk

Innovation Ecosystem



The concept of the **Innovation Ecosystem** stresses that the flow of technology and information among people, enterprises and institutions is key to a vibrant innovation process.

Wisconsin Innovation Eco-System Participants

Wisconsin Economic
Development Corporation



OFFICE OF
CORPORATE RELATIONS
University of Wisconsin-Madison



WISCONSIN
TECHNOLOGY
COUNCIL



WEDA
Wisconsin Economic
Development Association

WARF

Wisconsin Alumni Research Foundation



Wisconsin
Innovation
Network



WSRC
Wisconsin Security
Research Consortium



WISCONSIN PARTNERS FOR PROGRESS



WISCONSIN
ENTREPRENEURS' NETWORK
The Smart Connection

Wiscontrepreneur
A Program of the UW-Madison Office of Corporate Relations

M7 Fox Valley



thrive []



Model Ecosystem

ACADEMIA

- RESEARCH/T2
- LIFELONG LEARNING
- ECONOMIC DEVELOPMENT

INDUSTRY

- PROFIT
- PROCESS
- PRODUCT

INSEPARABLE MISSIONS

GOVERNMENT

- SUSTAINABILITY
- QUALITY OF LIFE
- ECONOMIC POLICY

FOUNDATIONS

- ECONOMIC GROWTH
- COMMUNITY INVESTMENT
- REGIONAL COLLABORATION

IBED Foundation Funding



Cleveland



St. Louis



Pittsburgh

new economy
initiative
for southeast michigan

Detroit

CLAUDE
WORTHINGTON
BENEDUM
FOUNDATION

West Virginia

Regional Innovation Clusters (RICs)

RICs are a geographically-bounded, active network of similar, synergistic or complementary organizations which leverage their region's unique competitive strengths to create jobs and broader prosperity.



Regional Innovation Clusters

Five Key Components to Consider When Defining Unique Regional Assets

*What you make, including
your existing &
prospective industry
clusters*

**ECONOMIC
BASE**

**ENTRE-
PRENEURSHIP**

*Your capacity to create
companies wholly new or
from existing firms*

*What you do: your
workforce skills & human
capital base*

TALENT

**INNOVATION
& IDEAS**

*Your capacity to innovate
and generate new ideas*

**Location, Infrastructure, Amenities,
Factor Costs, Natural Resources**

*The basic conditions defining the
economic milieu of the region*

Best Practices in RIC Management

- **Regionally-Led** from existing networks & assets – bottom-up approach
- **Involve partnerships between private and public** at all levels (i.e. local, regional, state, and Federal)
- Unique **strengths of region are built upon** rather than trying to copy other regions (i.e. everyone can't support a biotech cluster)
- **Different strategies are developed for different clusters**
- Well-funded initially and **self-sustaining over the long-term**
- **Linked with relevant external efforts**, including regional economic development partnerships and cluster initiatives in other locations

Government's Role in Innovation

- Long term vision and planning
- Identify gaps and trends in science, technology, innovation and SME development
- ***Be a catalyst through long-term strategic investments and partnering***
- Develop a balanced and flexible research and development investment portfolio
- Encourage private sector innovation
- Establish performance-based research and development
- Accelerate the commercial exploitation of creativity and knowledge



Government Innovation Programs



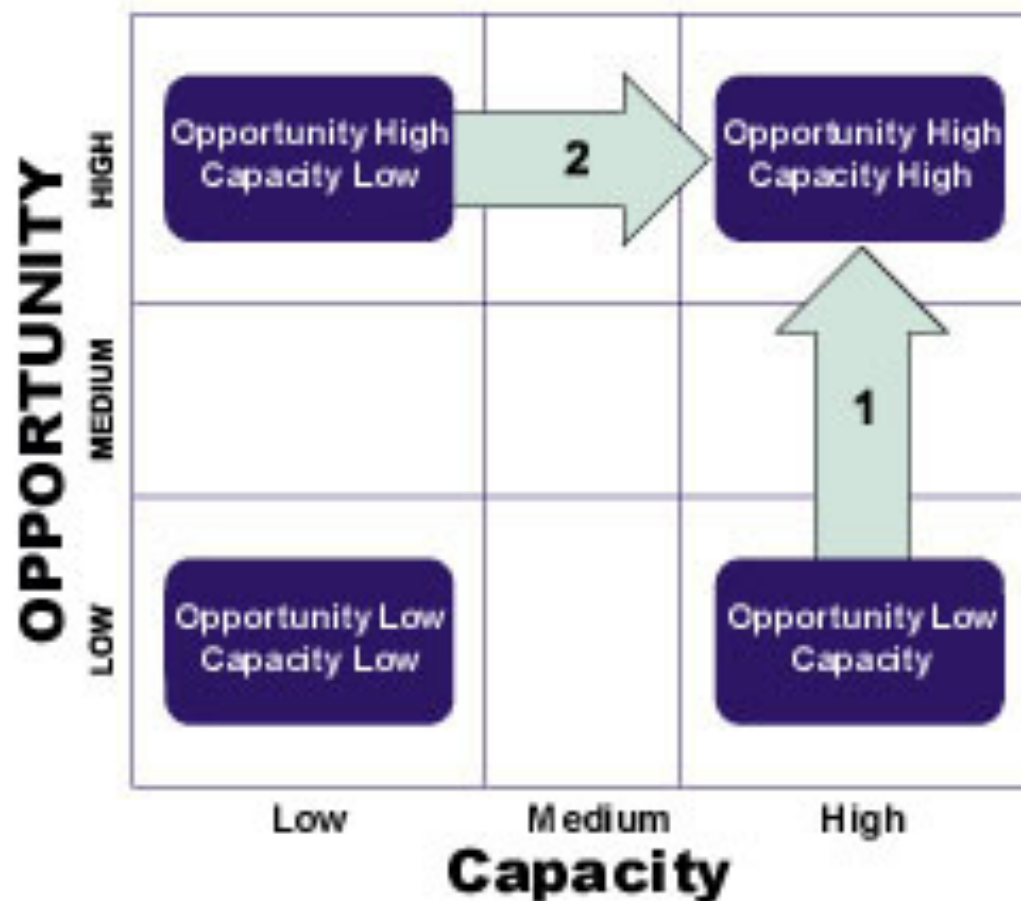
Kansas Strategic Technology Cluster Assessment and a Plan for the 21st Century



Published by The
Kansas Technology
Enterprise
Corporation

Linking Opportunity With Capacity

Figure 1-2
Linking Opportunity & Capacity:
An Assessment Model

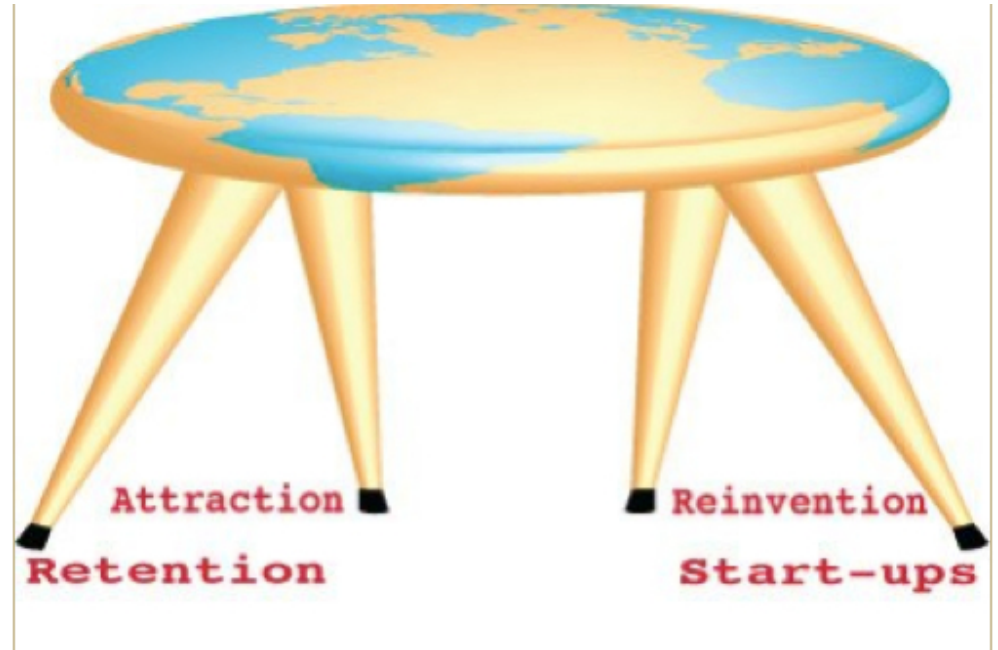


The Kansas Cluster Experience - 2010

CLUSTER	ORGANIZATION	OUTCOMES
Human BioSciences	Kansas BioScience Authority (KBA) www.kansasbioauthority.org	<ul style="list-style-type: none"> •\$581m Fund •Build world-class research capacity, growth of bioscience startups, expansion of the state's bioscience clusters and facilitate industrial expansion and attraction.
Value-added Agriculture and Ag Bio	National Agricultural Biosecurity Center (NABC) http://nabc.ksu.edu/content	<ul style="list-style-type: none"> •\$500m Research Center •Focused on protecting America's agricultural infrastructure and economy from endemic and emerging biological threats.
Aviation	National Institute for Aviation Research (NIAR) www.niar.wichita.edu	24 year-old research and tech-transfer center established to advance the nation's aviation industries that may benefit from aviation-related technologies.
Information and Telecommunications & Computing	Software and Technology Association of Kansas (SITAKS) www.sitaks.com	Advocate for Kansas' software and information technology sector to help Kansas' software and IT companies grow and succeed.

Economic Development

- Economic Development is like a 4 - legged stool:
 - **Attraction**
 - **Retention**
 - **REINVENTION**
 - **Grow Your Own**
- IBED requires patience and persistence, continuity and consistency
- Working with early-stage companies takes time
- A balanced portfolio economic development strategy is best!



Convergence of Traditional Eco Devo & IBED

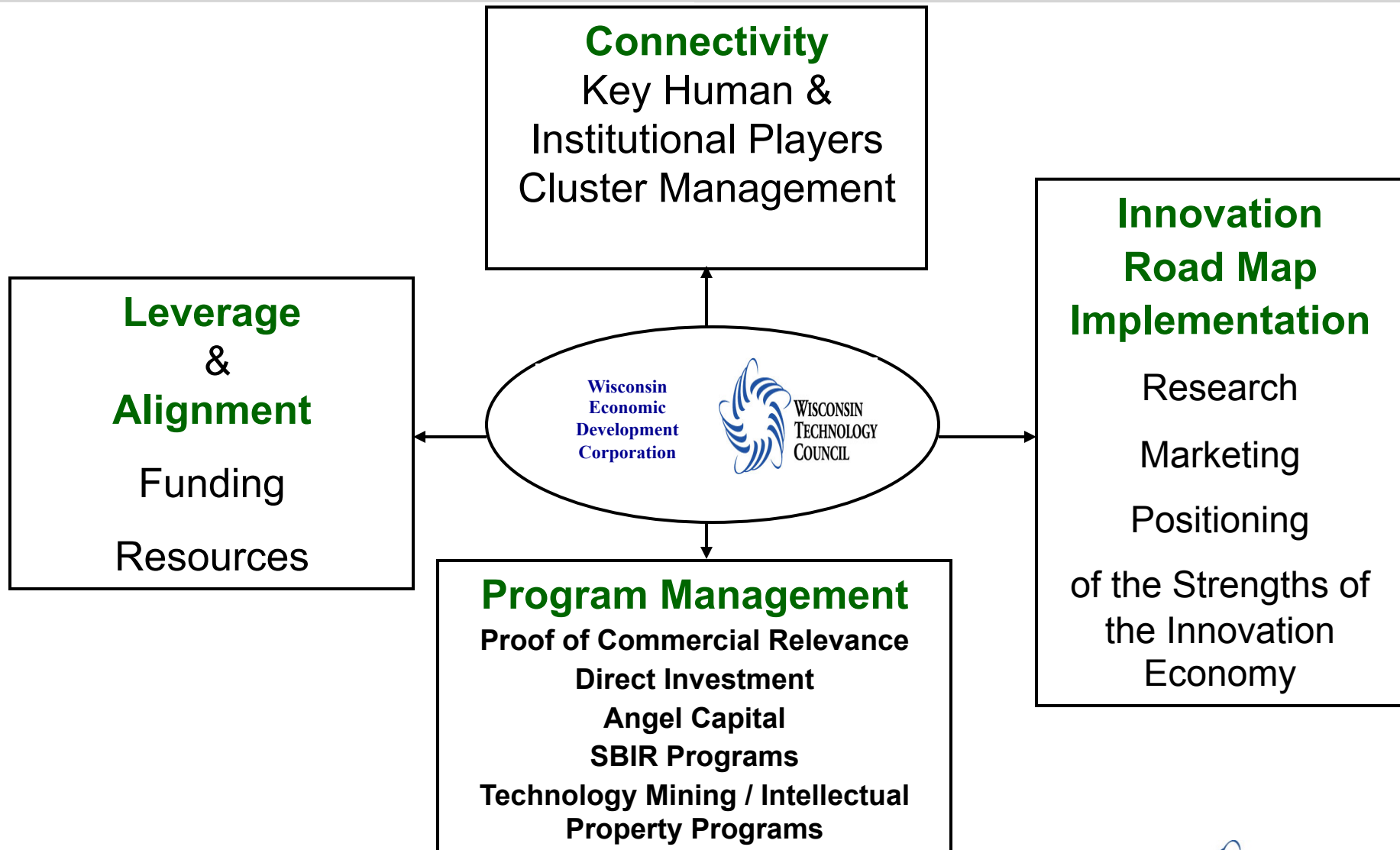
	<u>Traditional</u>		<u>Innovation</u>
Assets:	PHYSICAL		KNOWLEDGE
Competitive Basis:	Natural resources Highways / Rail Proximity Costs	➔	Specialized talent Networks, Clusters, University research, Commercialization, Market Positioning Globalization
Key values/offerings:	Business parks Incentives	➔	Access to research Workforce competencies Lifestyle
Lead Organization:	Chambers / EDCs	➔	Economic developers INNOVATION INTERMEDIARIES

What is a Innovation Intermediary?

An Organization at the Center of the region's, state's or country's efforts to align local technologies, assets and resources to work together on advancing Innovation.



21st Century Innovation Intermediary



Intermediary Best Practices

- Longevity
- Bipartisan Support & Champions
- Independent Organizations
- Continuous Reinvention
- PRIVATE SECTOR LEADERSHIP
- Understand Return On Investment
- Sustainability In Funding
- Accountable
- Innovative
- Effective Leadership



Innovation Intermediary Commercialization Services

Investigation	Technical	Market	Business
Proof of Concept	Technology Concept Analysis	Market Needs Assessment	Venture Assessment
Development Phase			
Feasibility	Technology Feasibility	Market Study	Economic Feasibility
Planning	Engineering Prototype	Strategic Marketing	Strategic Business Plan
Introduction	Pre-Production Prototype	Market Validation	Business Start-Up
Commercial Phase – Proof of Commercial Relevance			
Full Scale Production	Production	Sales and Distribution	Business Growth
Maturity	Production Support	Market Diversification	Business Maturity
		38	

Successful Funding Models



Third Frontier
Innovation Creating Opportunity

\$700M 5-year Bond Issue
62% Taxpayer vote approving



**KANSAS BIOSCIENCE
AUTHORITY**

\$581M 15 year Wage-tax TIF



TTDC

TENNESSEE TECHNOLOGY
DEVELOPMENT CORPORATION

\$160M VC Premium insurance
Tax Incentives

MICHIGANSM
Economic Development
Corporation

\$175M Budget



\$60M Angel Tax Credits



“Swipe From The Best, Then Adapt.”



---Tom Peters

U.S. State Innovation Programs



Pennsylvania's Sustainable Government Innovation

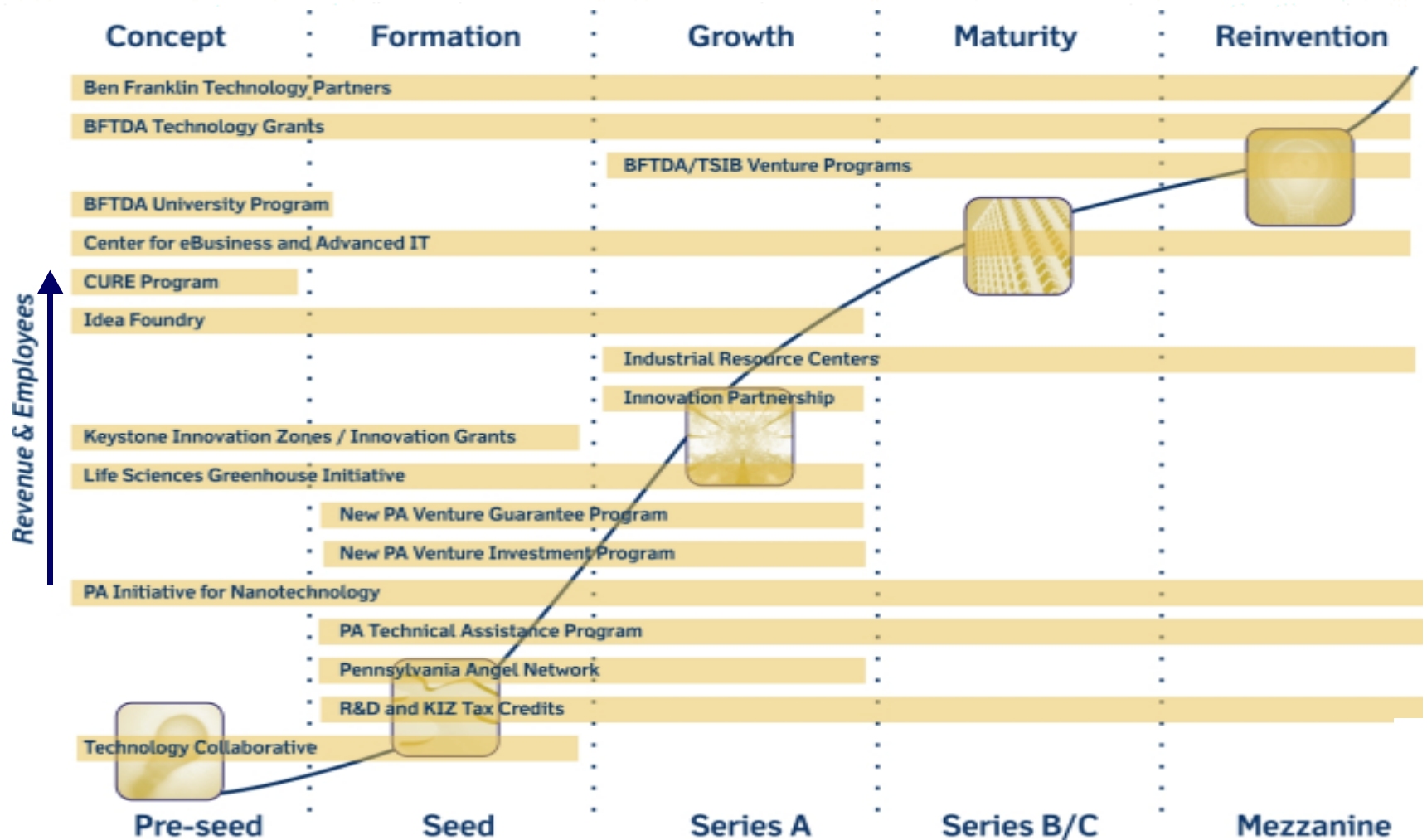
- Pennsylvania Governors Thornburgh, Ridge, & Rendell, discuss the importance of committing to economic development through science, innovation & technology
- The governors focused on the effects that **short-term decisions would have on long-term goals**
- *Three important ideas:*
 - *Think outside of the box*
 - *Measure your results and*
 - *Tell your story well.*



Technology Investment

Technology-based Economic Development Tools Along the Continuum

> ready > set > succeed



Best Practices in IBED



Third Frontier
Innovation Creating Opportunity

The Ohio Third Frontier represents an unprecedented and bipartisan commitment to expand Ohio's technological strengths and promote commercialization that leads to economic prosperity throughout Ohio. Designed to build world-class research programs, nurture early-stage companies, and foster technology development that makes existing industries more productive, Ohio Third Frontier creates opportunity through innovation.

"Ohio's \$700M Third Frontier initiative is a comprehensive, professionally run effort to build world-class research capacity, promote interaction between research and industry, and commercialize R&D." –

National Governor's Association and Pew Center for the States





KANSAS BIOSCIENCE
AUTHORITY

Best Practices in Innovation-Based Economic Development

- \$581 million state-funded independent bioscience TBED organization
 - \$75.5 million program budget; \$3.5 million operating budget
 - 18 employees (8 “deal” people)
- Investment priorities
 - Expand the quantity and quality of bioscience research
 - Focus on the commercialization of bioscience discoveries
 - Foster formation and growth of bioscience companies
 - Position Kansas for international leadership in key clusters



Partners in Bioscience Growth



KANSAS BIOSCIENCE
AUTHORITY

How the Fund Works

Set Baseline Tax Revenue for
Bioscience Companies (NAICS) and Research Institutions

Measure Actual Incremental Growth
in State Bioscience Taxes

Baseline
to
State General Fund

Increment of Growth
to
Bioscience Fund

*Repeat
annually
for 15 years*

Kansas Bioscience Authority
Fund Programs & Repay Bonds

Tennessee TNInvestco

- Provides no less than \$160M of financial capital to be invested in small businesses in Tennessee
- Funded by deferred insurance premium tax credits
- Focused on early stage, equity investments
- Targeting high-growth companies for “transformational” outcomes
- Professionally managed private sector funds
- Creates the opportunity for financial return to state government
- Access to Capital
- A New Program..... A New Approach...



Principles of Capital Formation Policy

1. Capital must be pooled in the most efficient and cost-effective manner possible.
2. State must not subsidize private sector competition in markets that are well-served by existing Tennessee businesses or investors
3. Process of choosing fund managers must be competitive and free from political influence
4. Policy should prioritize financial returns when VC funds serve as agents and economic development returns when state manages investments
5. Economic development investments must serve to facilitate private sector investment
6. Areas for improvement on the economic framework based on capitalization & fund structures are needed.

Smart State VC Programs

Align with Economic Development Strategies

Good policy

- Focus on seed and early stage “transformational” investments
- Invest in funds aligned with state’s R&D base and priorities
- Include first-time fund managers looking to establish track record
- Require funds to lead early stage investments prove “value add” capabilities beyond money
- Prohibit related party or prior portfolio investments

Bad policy

- Allow collateralized investments in later stage businesses
- Invest in technology-agnostic or industry-agnostic funds
- Invest in “last hurrah” or “Lazarus” fund managers
- Permit syndications between multiple funds in state program
- Allow funds to throw capital into good deals that would happen with or without them

INVESTMARYLAND

Fueling Innovation + Creating Jobs

InvestMaryland will provide funding to spur growth and innovation — it is a premium tax credit program designed to create thousands of jobs and revitalize venture capital funding in Maryland. This \$70 million fund, approved by Maryland lawmakers during the 2011 General Assembly, is the largest venture capital investment initiative in the State's history.

Innovation 2 Enterprise - Oklahoma

- Private not-for-profit Oklahoma corporation focused on wealth creation by growing the technology-based entrepreneurial economy.
- Works directly with entrepreneurs, researchers and companies to assist in help them commercialization of technologies, launch and grow new businesses and access needed capital.
- Funding
 - Proof of Concept Fund
 - Seed Capital Fund
 - Angel Network
- Entrepreneurial Development



Best Practices in Innovation-Based Economic Development



the ZANG lab is located at the USTAR building

USTAR has created a number of research teams at the University of Utah and Utah State University. Spearheading these teams are world-class innovators hungry to collaborate with industry to develop and commercialize new technologies.

Research Teams engage with innovators and entrepreneurs around the state of Utah. Learn to maximize your innovative business potential by collaborating with USTAR in your region, particularly if your product or service matches a USTAR focus area.

Regional IBED Intermediaries



Innovation Works



Northeast Ohio IBED Intermediaries



NorTech, (the Northeast Ohio Technology Coalition) is a nonprofit Technology-Based Economic Development (TBED) organization that champions growth in Northeast Ohio's 21 county region. Foundation funded.



JumpStart is creating economic transformation in Northeast Ohio by providing resources to entrepreneurs to grow their high potential, early stage companies.



BioEnterprise is a business formation, recruitment, and acceleration initiative designed to grow health care companies and commercialize bioscience technologies



Team NEO advances Northeast Ohio's economy by attracting businesses worldwide to the 16-county Cleveland Plus region.



Cleveland Clinic Innovations advances commercial oriented innovation and transforms promising therapies, devices and diagnostics into products by creating spin-off companies, licensing to established companies and enabling equity partnerships.

The New Economy Initiative for Southeast Michigan (NEI)

Founded:2008

Organizational Mission: Unique philanthropic initiative aimed at helping to restore southeast Michigan to a position of leadership in the new global economy.

Original Funding: *\$100M – 8 year initiative - 10 national and local foundations*

Goal: Accelerate the transition of metro Detroit to an innovation-based economy. Entrepreneurial Eco-System

- Capitalizing on Existing Assets and Resources
- Build and employ a more skilled and educated workforce
- Urban Entrepreneurial Partnership provides assistance to 150 minority automotive suppliers to diversify their customer bases to aerospace, alternative energy, medical devices, military and homeland security.





- BHI is a regionally-oriented, 501(c)(3) nonprofit private-public partnership functioning as an innovation intermediary focused on commercializing market-relevant biohealth innovations and increasing access to early-stage funding in Maryland.
- *Goal: return on investment from the world-class research assets with a cohesive strategy to move relevant, market driven ideas from labs to market.*
- Market-driven, private sector- led initiative
- BHI will increase - ***the availability of early-stage capital*** by creating ***new early-stage funds*** and developing a ***national and global network of investors***

Alignment of National, State & Regional Policies



**Obama
Administration**



**Governor
O'Malley**



**County Executive
Ike Leggett
Montgomery County**



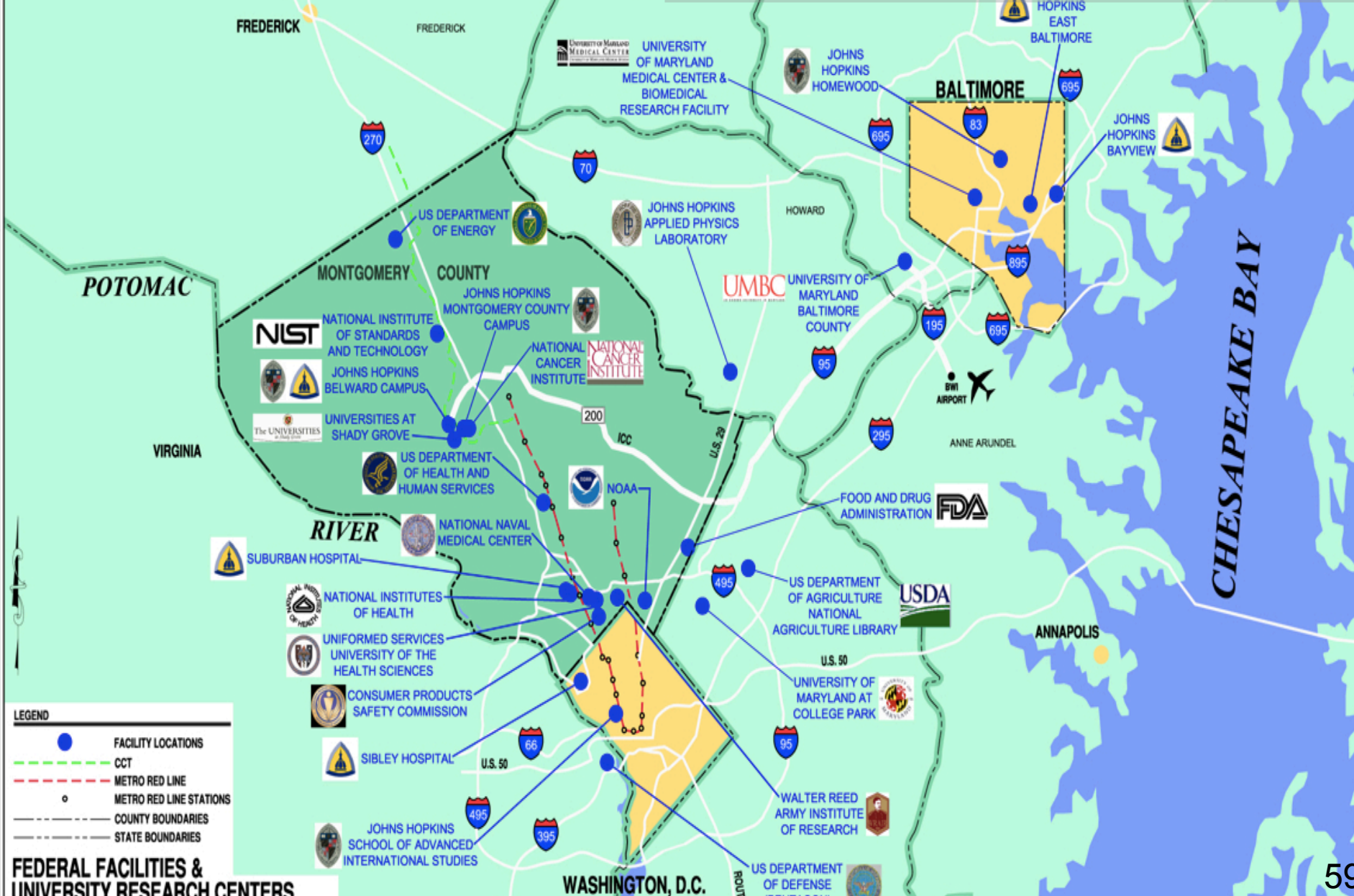
**Stephanie Rawlings -Blake
Mayor of Baltimore**

- Link Both State, County & City Strategies to Obama Administration Objectives
- Develop an integrated Regional BioHealth Economic Development and Transit Strategy
- Present the “Regional Job Generating BioHealth and Transit Plan” to the White House & partner with federal agencies and other stakeholder organizations as a “Showcase Model.”
- Develop structure & governance for the regional BioHealth innovation intermediary
- Obtain Priority Federal Funding for Region’s BioHealth Industry-Federal Labs-University Innovation Intermediary Pilot Plan
- Obtain Priority Federal Funding for the region’s Innovative “State of the Art” Comprehensive Rapid Transit Vehicle Plan (CCT et al)
- Develop a pilot BioHealth-Regional Innovation Cluster (H-RIC) program

Founding Sponsors



**Regional BioHealth Cluster
Federal and University**



Innovative Small Business Facts

- Innovative small business have generated **64% percent of net new jobs** annually over the last decade
 - **Employ 30 percent of high-tech workers, such as scientists, engineers, and computer workers**
- SME's produce **13 times more patents per employee than large patenting firms**
- Small Companies are a key source of innovation by themselves and for Large Companies
- Proof of Concept, Start-up, and Seed stage companies lack investment support
- Most Seed stage firms need investments of \$500K - \$2M
- The average venture capital investment today is \$8.3M



Source: PriceWaterhouseCoopers – MoneyTree©

Source: Small Business Administration

Innovative Small Business Facts

- Firms with fewer than **500 employees** accounted for **64% of net new jobs from 1993 to 2008**. Source: SBA

- **SMEs employ over 50%** of the country's private sector workforce, hire 40 percent of high tech workers, such as **scientists, engineers and computer workers**.

Source: SBA

- The number of **women-owned firms** continues to grow at twice the rate of all U.S. firms (**23 percent vs. 9 percent**). Source: SBA

- Small business has created about **2 of every 3 net new jobs** in the United States since at least the early 1970s

- **70%** of SMEs say retaining customers cheaper than getting new customers Source: NFIB

- **7 out of 10** new employer firms last at least two years, and about half survive five years. Source: SBA



Six Distinct Organizational Paths for Entrepreneurs

- Lifestyle business
- Small business
- Scalable startup
- Buyable startup,
- Large company,
- Social entrepreneur



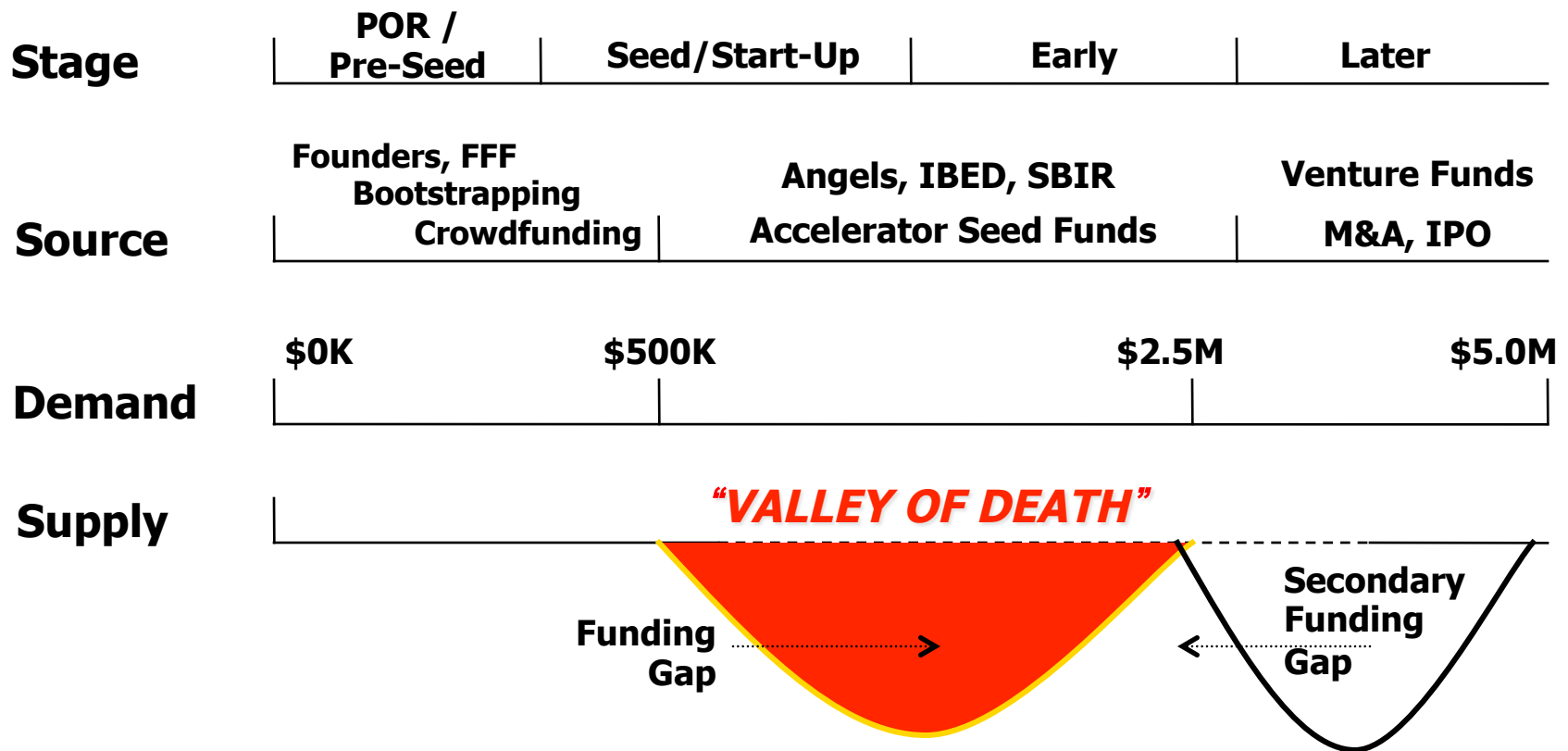
Jobs! Jobs! Jobs!

Does Seed Investing **REALLY** Create Jobs?



Innovation Capital Valley of Death

“VALLEY OF DEATH”



Bootstrapping

The term comes from the German legend of Baron Münchhausen pulling himself out of the sea by pulling on his own bootstraps.



Definition: “*The act of starting a business with little or no external funding*”

Crowdfunding

Crowdfunding—as its name implies—aims to reach a funding goal by getting many investors to put in small amounts.



Incubation Nation: Where Great Ideas Are Born

Microsoft alum incubate start-ups

Entrepreneurial academics inquire within

Summer camp for promising start-ups

Subsidized lab space for techies

Funding at every stage of development

Everybody get a mentor!

Ten weeks of advice from 20 mentors

Plans to assist 2,000 start-ups

First incubator for early-stage tech firms

Harnessing the sun and sea for profit

Click a City

New ventures grow in GM's shadow

Seed funding for minority CEOs

Tech transfer in Dairyland

A patron funds a vaccine corridor

Business prodigies get their own dorm

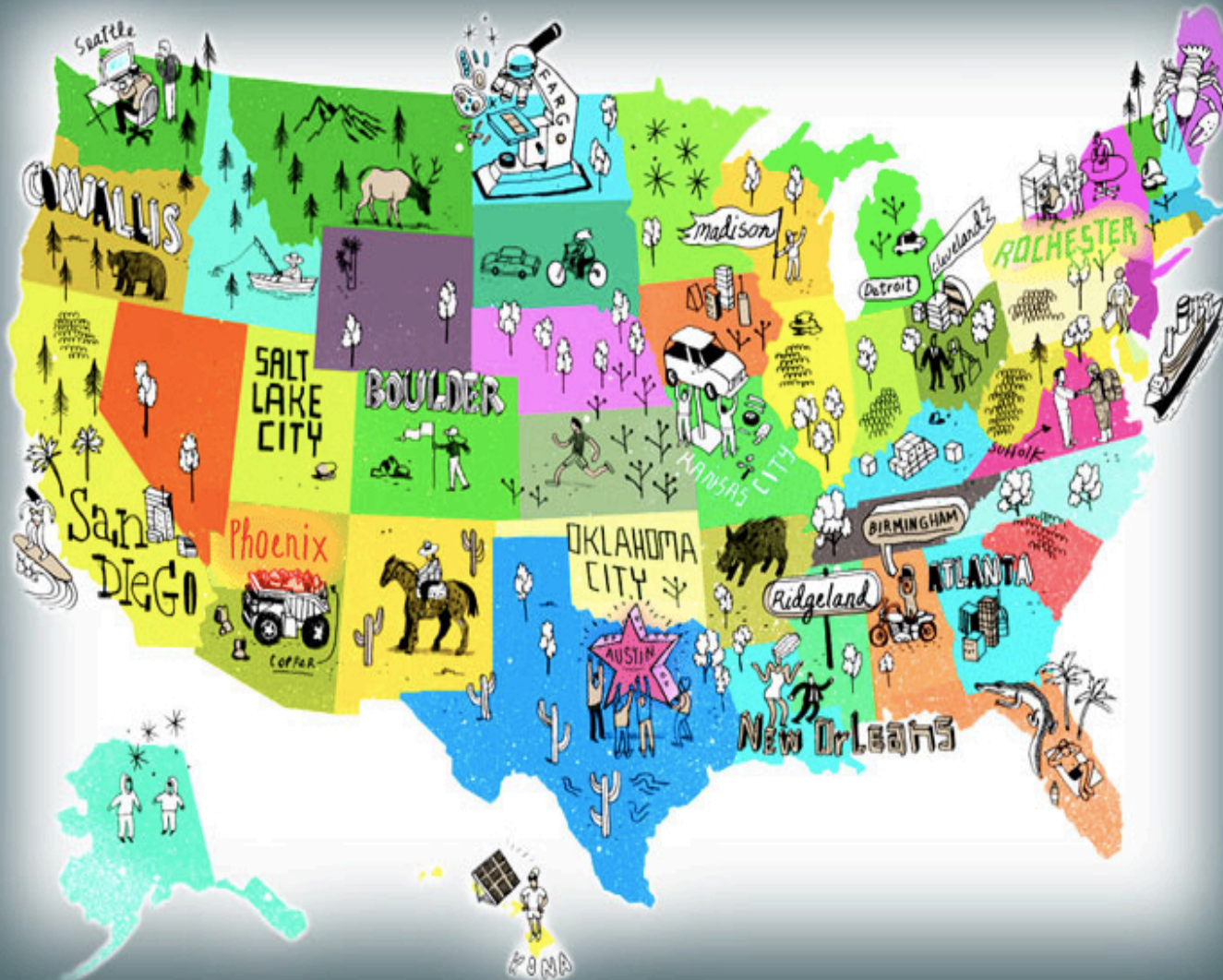
A nexus of government contractors

Some 140,000 square feet of innovation

Funding for 125 start-ups in one year

Building on Ideas from six universities

How about your own MBA team?



Key Difference Between Incubators and Accelerators

Incubators - incubators allow for slower growth, although they typically have some requirements as to how long companies can remain in the incubators before they graduate.



Accelerators – as their name implies, focus on an intense, boot-camp-like experience to get new businesses up and running in a matter of months.



Seed Accelerator Model May Be Relevant



- **> 130 accelerators exist & spreading rapidly**
- **Could grow > 400 to 500 in 5 years**
- **Focus on fast-test sectors**

Kansas PIPELINE

- To identify talented and entrepreneurial Kansans, match them with best-in-class:
- Training
- Resources
- Mentors
- Facilitate their dynamic growth in KS
- To utilize the momentum and substance of the program to aggressively develop the entrepreneurial ecosystem in Kansas that is essential to sustained entrepreneurial activity and expansion.



PIPELINE

PROVIDING EDUCATION & LEADERSHIP



- Highly Selective.
- 10 innovators in the inaugural year.
- One-year comprehensive program.
- Participate while creating company or creating product and/or concept.
- \$36,000 stipend for discretionary use while exploring opportunities for a startup technology venture.

Ewing Marion
KAUFFMAN
Foundation

VC Trends



VC Investments Q1 2008 – Q3 2011

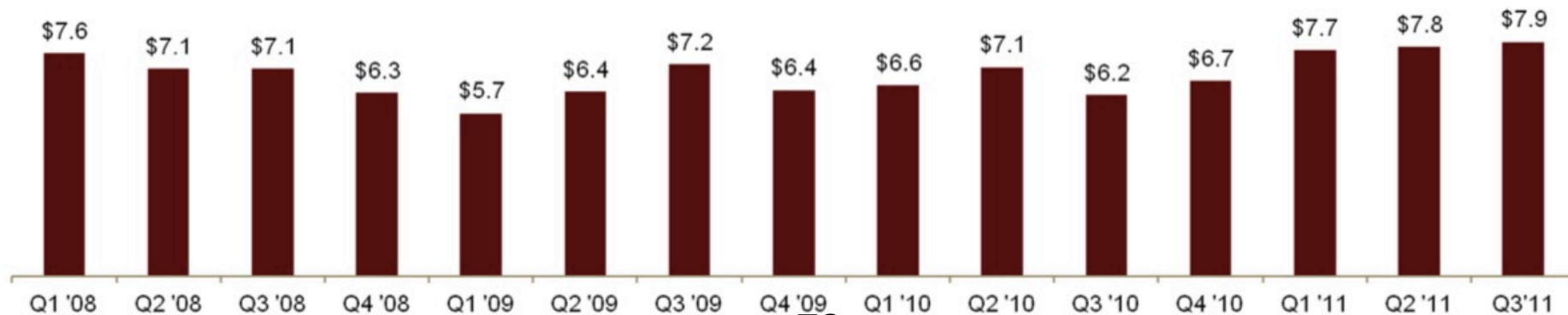
Venture Capital Investments

PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report
based on data from Thomson Reuters

Total amount invested (\$B)

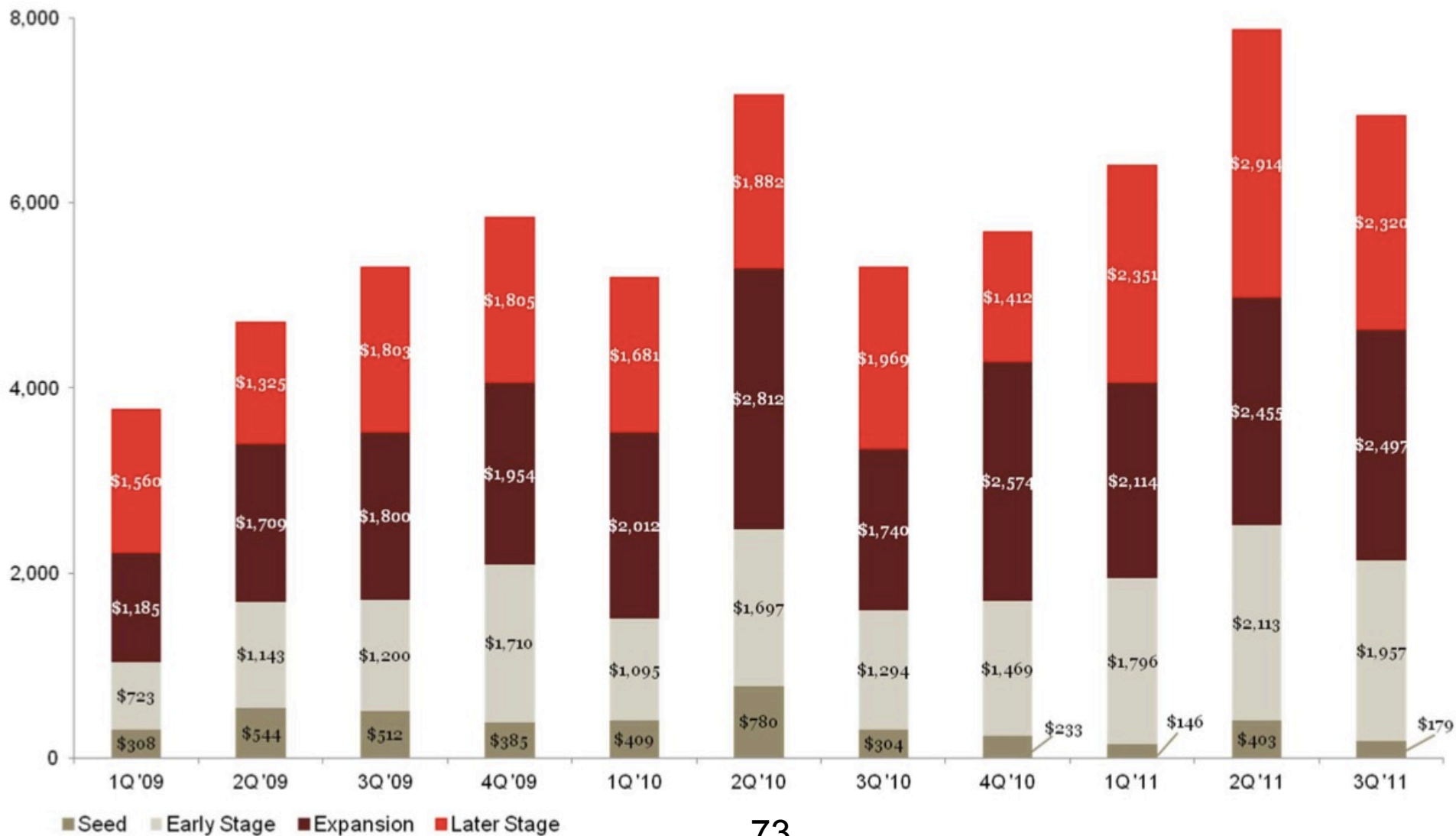


Average deal size (\$M)



VC Amount Invested By Stage

Amount Invested by Stage (\$M)



Top 10 States for Venture Capital

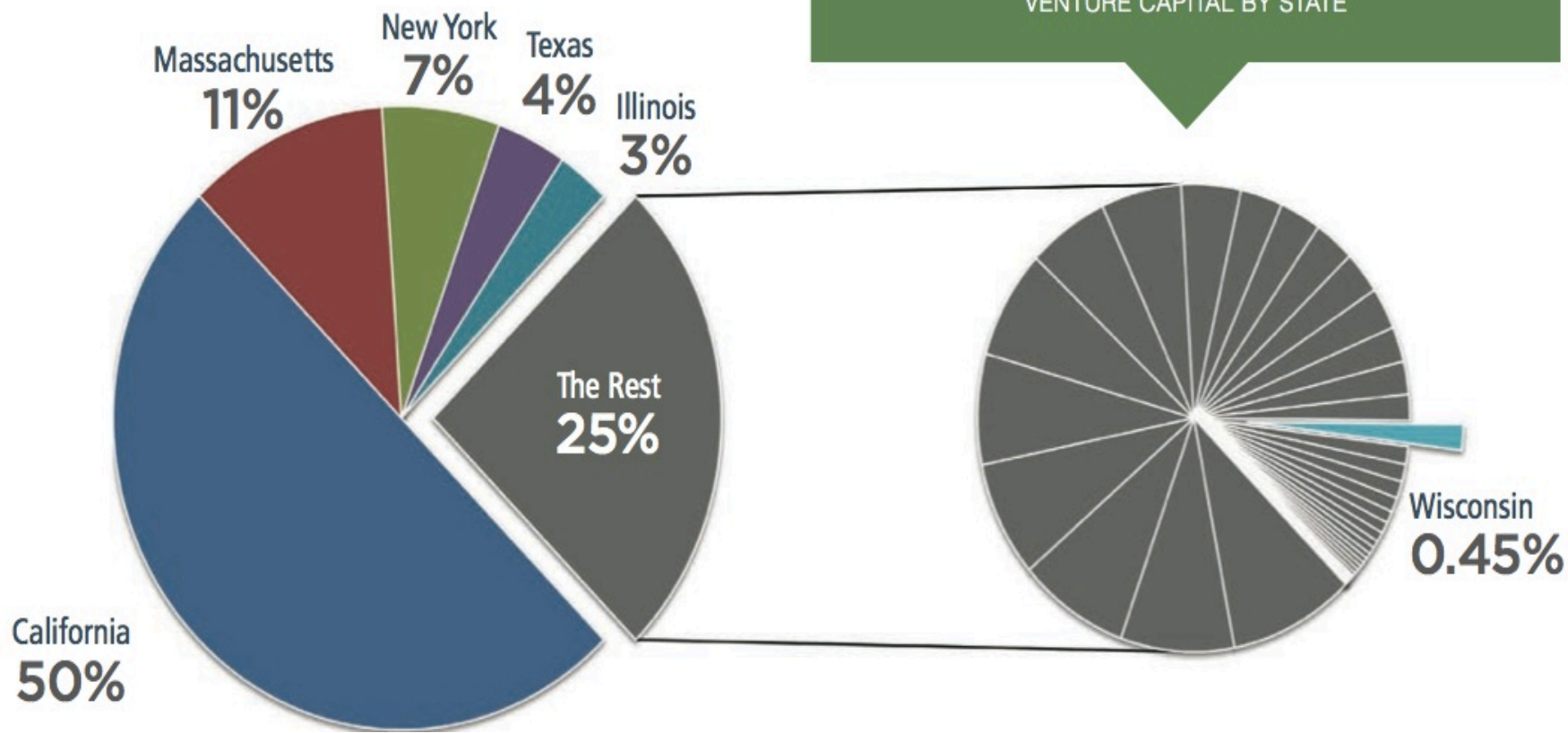
State	2010 VC Raised	1970-2010 VC Invested/Companies	Public Co's VC Backed # of Jobs/ U.S. Revenues	Cost of 1 Job Created per VC \$ invested
CA	\$11.6B	\$215.7B / 9,827	2,822,345/\$846B	\$74,846
MA	\$2.5B	\$53.6B / 2,860	775,151/\$190B	\$69,324
TX	\$981M	\$27.7B / 1,743	1,129,551/\$243B	\$24,525
NY	\$1.4B	\$25.2B / 1,799	656,632/\$188B	\$38,384
WA	\$634M	\$15.B / 837	778,579/\$256B	\$20,293
CO	\$483M	\$15.1B / 793	162,720/\$45B	\$92,812
NJ	\$469M ⁷⁴	\$14.6B / 788	328,429/\$66B	\$44,464
PA	\$559M	\$13.3B / 1,130	783,527/\$238B	\$16,930
IL	\$732M	\$9.8B / 726	256,750/\$63B	\$38,693
NC	\$529M	\$8B / 475	195,973/\$42B	\$40,835

Source: PWC/NVCA 2011

Wisconsin Represents 1.84% of the U.S. Population

2010 & Q1/Q2 2011

VENTURE CAPITAL BY STATE



PEER STATES WITH WISCONSIN WORKFORCE SIZE

HOW WISCONSIN STACKS UP

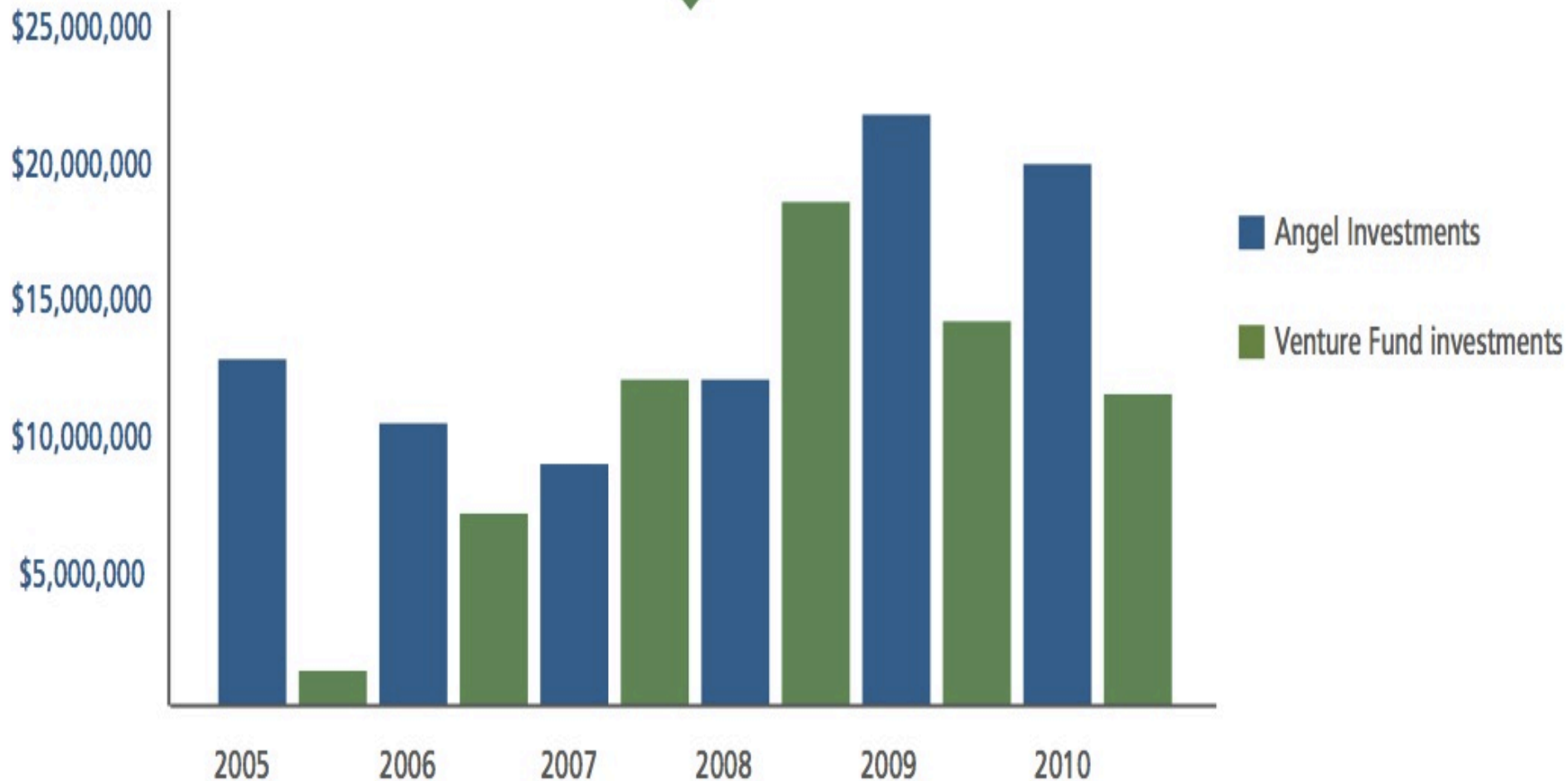


Wisconsin
\$70,863,167

5 YEAR AVERAGE OF VENTURE CAPITAL
INVESTMENTS IN PEER STATES

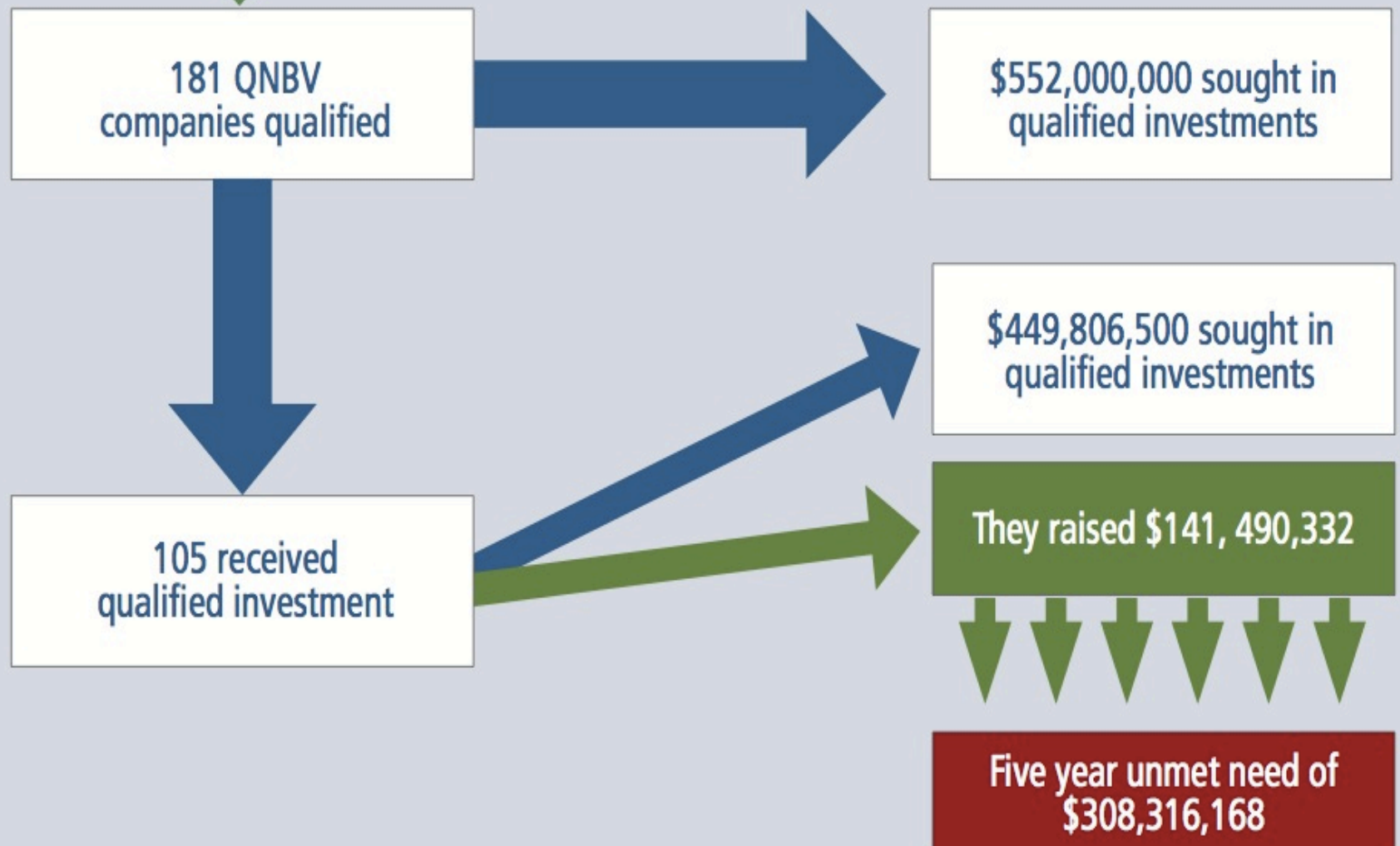
ACT 255 UPDATE

INVESTMENTS IN QNBV COMPANIES



FUNDRAISING FOR QNBV COMPANIES

2005 TO 2011




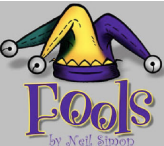































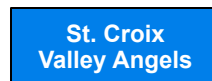










Public Investment In Job Creation

Category	CDVCA*	State of PA	State of MI	State of UTAH	Stimulus Bill
Funds Invested	\$26M	\$90M	\$291M	\$60M	\$800B
Jobs Created	3,700	8,150	28,854	2,047	1,000,000 To 4,000,000
\$ Per Job Invested	\$7,100	\$11,000	\$11,728	\$29,300	\$800,000 To \$200,000

*Community Development Venture Capital Association

Wisconsin Innovation Funding Continuum

DREAM	CONCEPT	APPLIED	COMMERCIAL RELEVANCE	STARTUP	ROLL OUT	GROWTH
FoundersFFF Bootstrapping Crowdfunding	Seed	Incubators/ Accelerators	IBED	Federal State Regional	ANGEL	VC
      	     	    	   	     	        	      

I-Q Corridor



Wisconsin Innovation Eco-System Participants

Wisconsin Economic
Development Corporation



OFFICE OF
CORPORATE RELATIONS
University of Wisconsin-Madison



WISCONSIN
TECHNOLOGY
COUNCIL



WEDA
Wisconsin Economic
Development Association

WARF

Wisconsin Alumni Research Foundation



Wisconsin
Innovation
Network



WSRC
Wisconsin Security
Research Consortium



WISCONSIN PARTNERS FOR PROGRESS



WHEDA



WISCONSIN
TECHNOLOGY
COUNCIL

Wiscontrepreneur
A Program of the UW-Madison Office of Corporate Relations

M7 Fox Valley



new north

thrive []



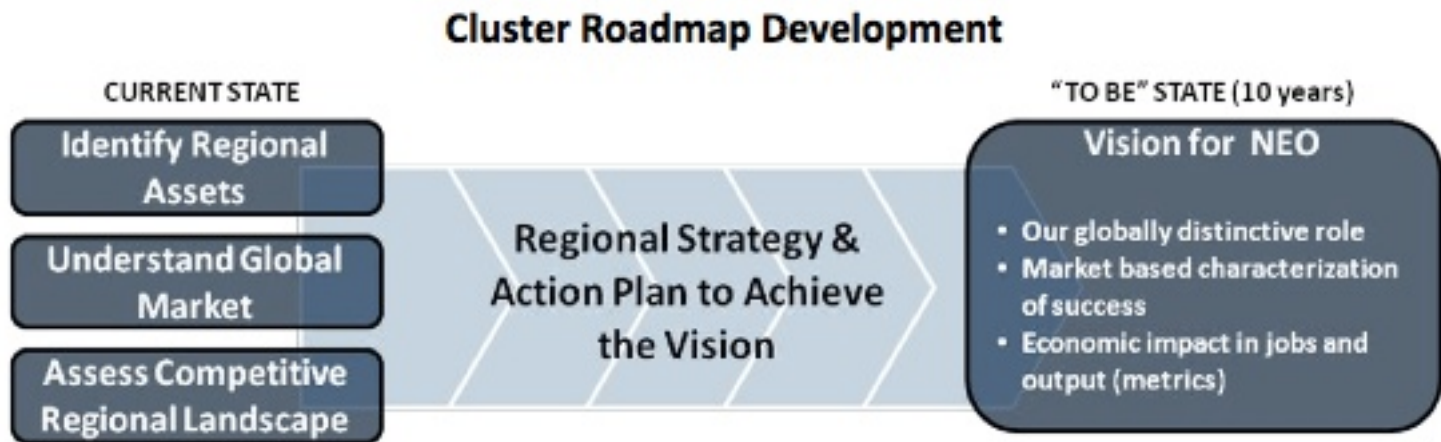
***“There’s No Good Idea That Cannot
Be Improved Upon.”***



---Michael Eisner

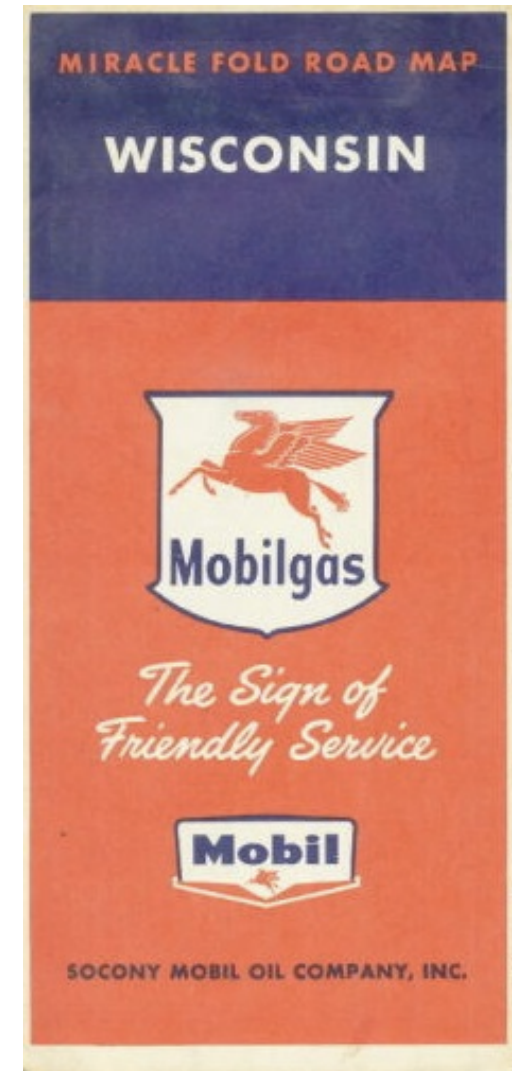
What Is A Road Map.....Why Is It Needed?

- A roadmap answers the *question* “**Where do we want to be and how to we get there?**”
- A cluster roadmap *provides strategies and action* plans to best *achieve a vision of the future shared by a critical mass* of industry-related organizations.
- The strategies and action plans are developed according to the unique strengths of the cluster and region as compared to a global market opportunity.



Innovation America: Innovation Road Map Process

1. Literature Review of Comparables
2. Key Stakeholder Interviews/Recommendations
3. Asset & GIS Mapping/Cluster Analysis
4. Innovation Benchmarking/Index (Peer 2 Peer)
5. Innovation & Entrepreneurship Resource Guide
6. Innovation Economic Development Organizational Analysis
7. Innovation & Commercialization Program Gap Analysis
8. Innovation Ecosystem Public Policy Recommendations
9. Innovation Strategic and Organization Plan
10. Operations & Implementation Plan
11. Branding & Marketing Strategy
12. Economic Impact Analysis - Celebrate Your Success



IOWA Innovation Road Map Leadership

Population: 3,000,000



Iowa Department of
Economic Development



IOWA STATE
UNIVERSITY



Iowa Innovation Index - Indicators



Iowa Innovation Index

IOWA INNOVATION INDEX
KEY INNOVATION INDICATOR SCORECARD

National Ranking	Regional Ranking	Indicator Number	Indicator Subject Rankings
Key: ++: National/Regional Indicator Ranking - Strength 0: National/Regional Indicator Ranking - Neutral ---: National/Regional Indicator Ranking - Weakness			
Economic Impact			
---	---	1	Industry Cluster Employment & Wage
N/A	N/A	2	Occupations & Wages
---	---	3	Household Income
0	---	4	Productivity
---	---	5	Corporate Sales and Manufacturing Value-added
---	+	6	Manufacturing Exports
---	---	7	Wages & Wage Growth (In Key Industry Clusters & Overall)
Innovation Research & Commercialization			
0	0	8	Royalty and Licensing Income to Universities
---	---	9	Start-up Companies Formed from University Research
---	---	10	Federal Investment in University & Engineering Research
---	+	11	State and Local Investment in University Science & Engineering Research
0	---	12	Industry & Other Support in University Science & Engineering Research
---	0	13	Size of College and University Endowments
---	0	14	Patenting
++	++	15	Academic Article Output
---	---	16	Research & Development Performed
Innovation Capital			
---	+	17	Sum of all Investments - all stages
---	---	18	Targeted Industries Innovation Capital Investments
---	---	19	SBIR/STTR Awards
---	---	20	Number of Public Traded Companies
TBD	TBD	21	R&D Tax Credits
TBD	TBD	22	Angel Tax Credits
Innovation Workforce			
+	0	23	Education Level of the Workforce
---	---	24	Public Investment in K-16 Education
---	---	25	Science and Engineering Degrees
N/A	0	26	Talent Flow and Migration (Int'l and domestic)
Innovation Location and Environment			
N/A	++	27	State-based Innovation Intermediary (Public/Private Partnership)
---	0	28	Broadband Internet Availability
N/A	---	29	E-Government Programs
---	---	30	Arts and Cultural Endowment

Special thanks to our sponsors:



Road Map Projects – Resource Guide



26
PAGE

RESOURCE DIRECTORY

Appanoose Economic Development Corporation

101 W. Van Buren Street, Suite 1
Centerville, IA 52544

Telephone: 641-856-3388
Website: www.appanoosecounty.org

Programs: Economic Development, Revolving Loan Fund, AIC Financial Assistance, IowaMicroloan Program Affiliate
Key Staff: Tod Farris, Executive Director; aeddirector@iowatelecom.net

Overview: AEDC's mission is to facilitate the retention, expansion, attraction, and creation of businesses and jobs, and collaboratively work to enhance the overall business climate of the county.

Program Services: Work Opportunity Tax Credit, Enterprise Zone, HUBZone, Property Tax Abatement, Appanoose Industrial Corporation, Tax Increment Financing

The Revolving Loan Fund is designed to assist small to medium sized businesses, and requires a minimum of 5 jobs be created or retained to access this program. The interest rate is 5% and the maximum repayment term is 5 years. The maximum loan amount is \$50,000.

The AIC Financial Assistance Program is designed for medium to large businesses who are expanding or considering moving their business to Appanoose County. AIC may be able to provide at least \$1,000 per job created in the form of a forgivable loan.

The IowaMicroloan was created for those microbusinesses that are considered on the fringe of riskbearing capacity for most traditional financial institutions. Loans are available from \$5,000 to \$35,000.

ARCH Venture Partners

8725 W. Higgins Road, Suite 290
Chicago, IL 60631

Telephone: 73-380-6600
Website: www.archventure.com/entrepreneurs.html

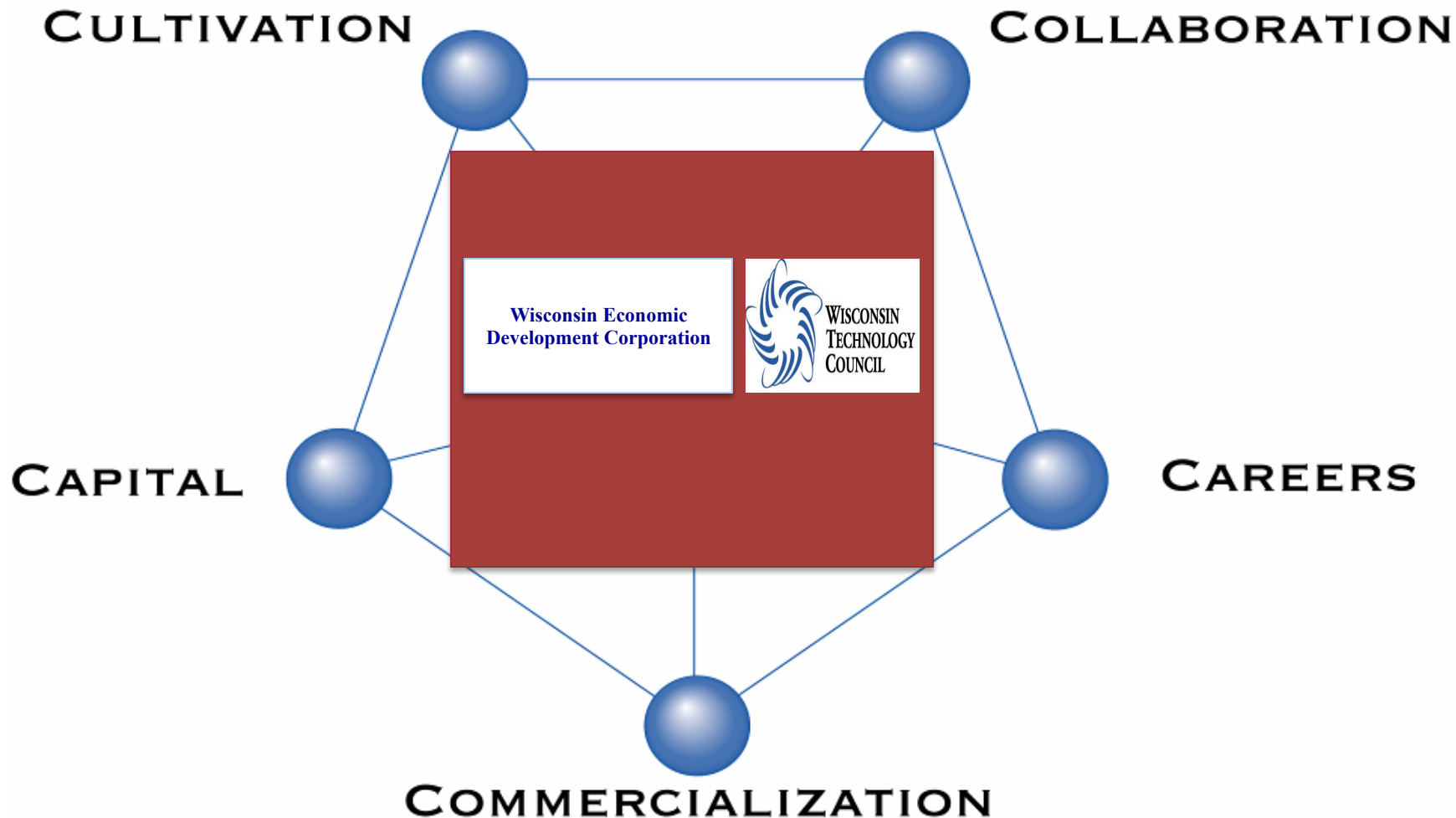
Key Staff: Keith L. Ciandell, Co-founder and Managing Director

Overview: ARCH invests primarily in companies co-founded with leading scientists and entrepreneurs, concentrating on bringing to market innovations in life sciences, physical sciences, and information technology. We enjoy special recognition as a leader in the successful commercialization of technologies developed at academic research institutions and national laboratories. If you are an entrepreneur who has identified an opportunity to commercialize an advanced technology and you are working on a business plan or have formed a startup venture to introduce new technology in information technology, life sciences, or physical sciences, please contact us.

Stage of Development for Investments: Seed/Early Stage

Preferred Investment Industry: Micro/Nanotechnologies, specialty materials and semiconductors, biotechnology, interdisciplinary technologies.

Implementing a New Wisconsin Innovation Paradigm



Paddling Together For Success



Are You Pulling Alone Or.....

Pulling Together For Success



.....Are We Pulling Together ?

Wisconsin Next Steps

- WEDC needs to become a true **private sector** lead innovation intermediary
- Increased focus on university **commercialization** – not just tech transfer
- Need to breakdown the artificial geographical barriers in the state and the expanded region (IQ Corridor)
- Need comprehensive portfolio of VC and early-stage investment programs with appropriate management & oversight
- Need for long-term integrated, **Innovation Road Map** and implementation strategy



Bill Gates - Microsoft

“Never before in history has innovation offered promise of so much to so many in so short a time.”





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Richard A. Bendis
President and CEO
Innovation America
Publisher, innovationDaily
2600 Centre Square West
1500 Market Street
Philadelphia, PA 19102
(215) 496-8102

rbendis@bendisig.com

www.innovationamerica.us

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