



Development  
Services Agency

John R. Kasich, Governor

David Goodman, Director



Third Frontier  
Innovation Creating Opportunity

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

# Entrepreneurial Signature Program Bidders Conference

July 18, 2014

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# Outline

Ohio Third Frontier

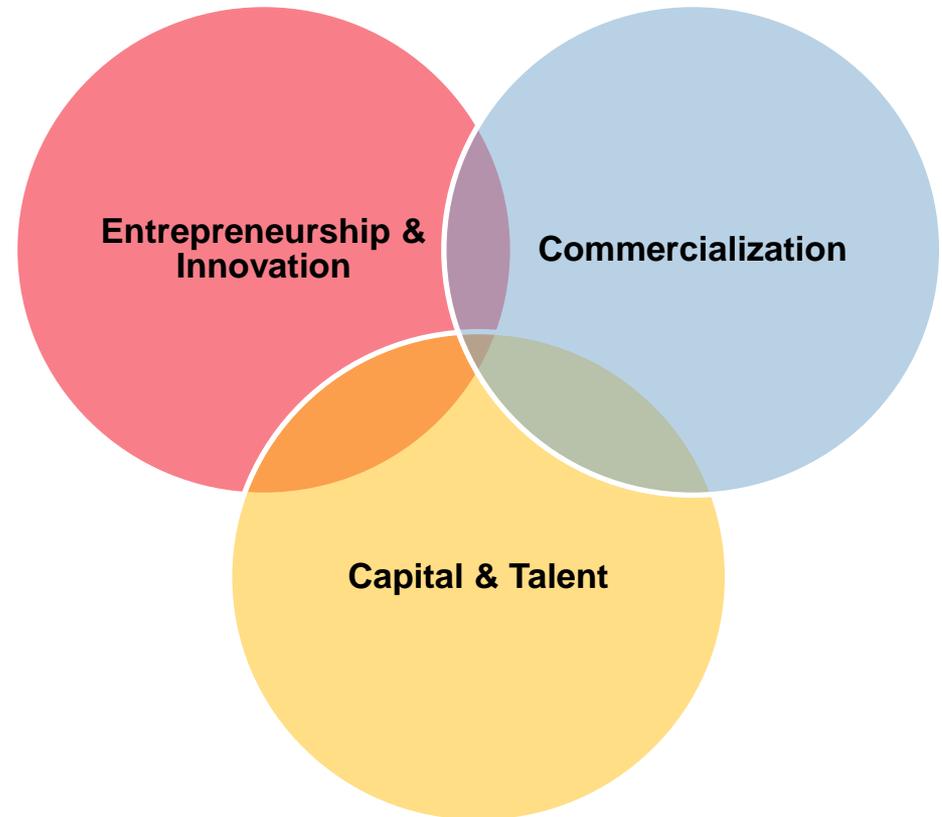


Entrepreneurial Signature Program

Q & A

# Ohio Third Frontier

- \$2.1 billion technology-based economic development initiative
- Origin: 2002
- Renewal: 2010 – 2015+



# Desired Outcomes

- Jobs, Growth, Wealth
- Companies, Talent, Capital
- Sustainable Activity
- Reduced Risk
- Best Practices
- Reputation



# Technology Focus Areas

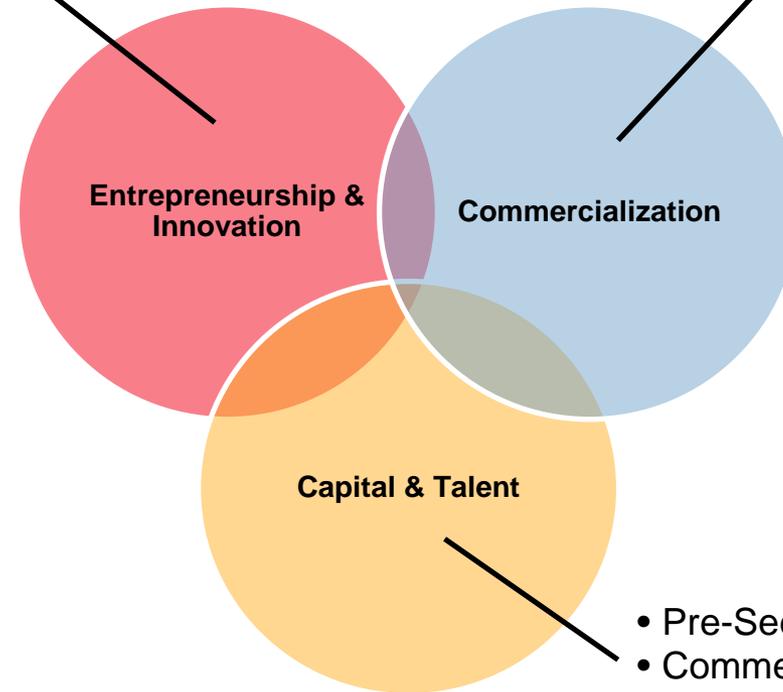
- Advanced Materials
- Aero propulsion Power Management
- Agbiosciences
- Fuel Cells and Energy Storage
- Medical Technology
- Sensing and Automation
- Situational Awareness and Surveillance
- Shale
- Software Applications for Business and Healthcare
- Solar Photovoltaics

**Battelle**

*The Business of Innovation*

# Ohio Third Frontier Programs

- Entrepreneurial Signature Program
- Open Innovation Incentive

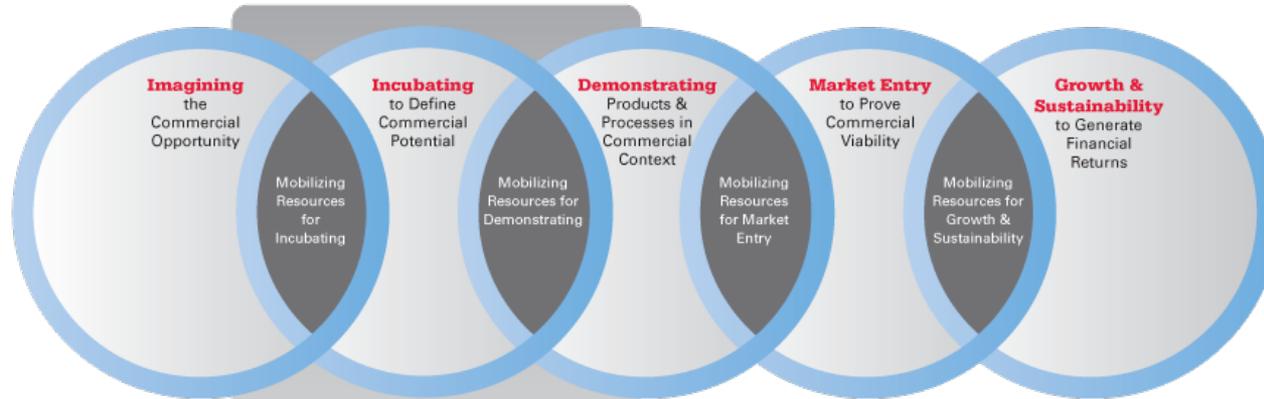


- Technology Validation & Startup Fund
- Technology Commercialization Centers
- Technology Asset Program
- Industry R&D Center Program
- Innovation Platform Program

- Pre-Seed Fund Capitalization Program
- Commercial Acceleration Loan Fund
- Internship Program

# Innovation and Entrepreneurship

## Technology Commercialization Framework



### 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

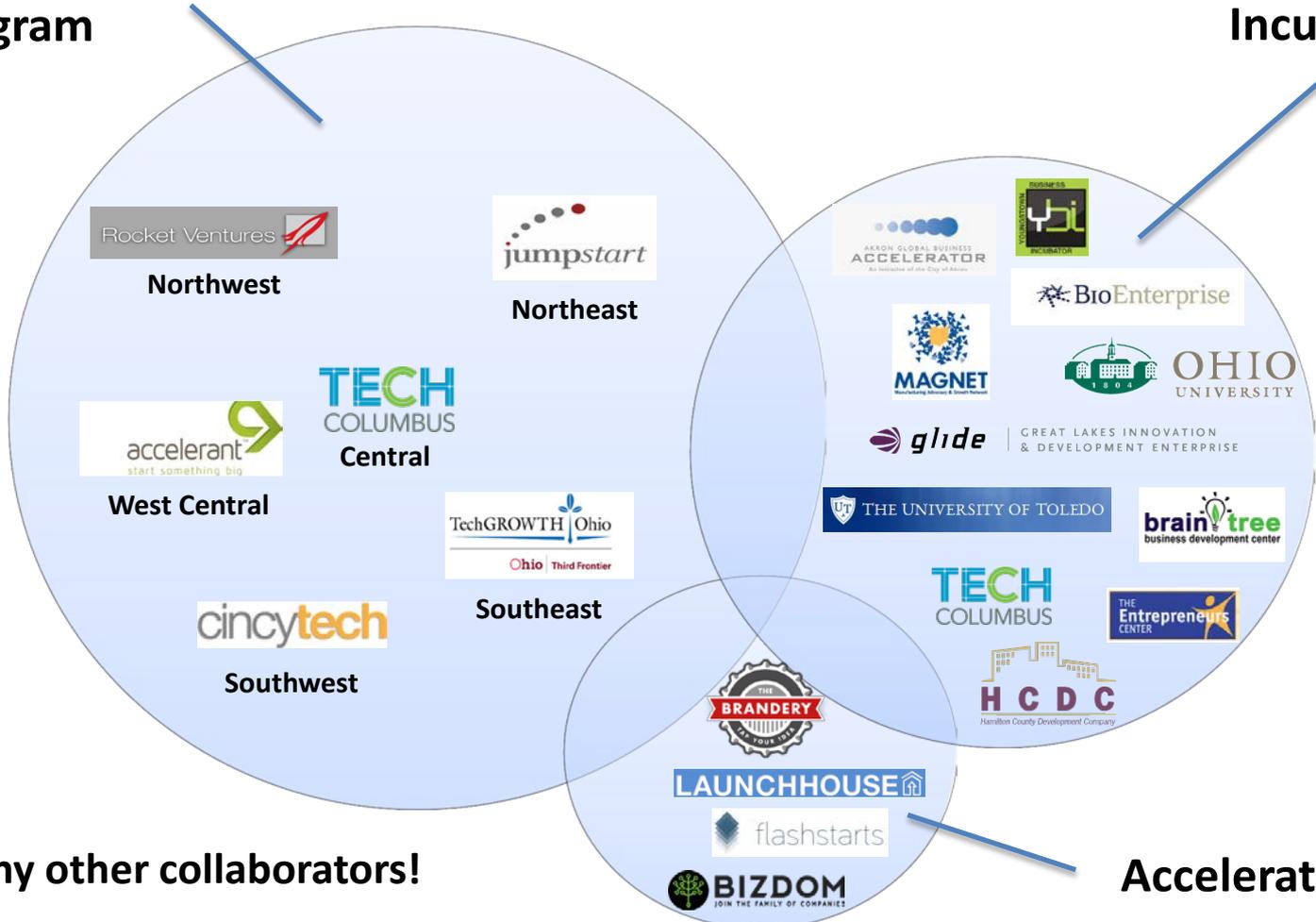
#### Pre-Seed Fund Capitalization Program

- Investment capital
- Marketing to third-party investors
- Recruitment of talent and Board of Directors

# Entrepreneurial Services

Entrepreneurial Signature Program

Incubation



...+ many other collaborators!

Acceleration

# 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

# Entrepreneurial Signature Program

# Goals

- Provide high-value services to advance Ohio technology-based companies
- Create Ohio jobs, attract capital and generate product sales
- Fill gaps in the regional entrepreneurial system
- Build a pipeline of quality technology-based companies
- Identify the high-performers and accelerate growth
- Attract venture capital investment
- Foster regional collaboration

# Lead Applicant

- Development Projects, Inc. (West Central)
- CincyTech, LLC (Southwest)
- JumpStart, Inc. (Northeast)
- Ohio University (Southeast)
- Rocket Ventures, LLC (Northwest)
- TechColumbus (Central)

# Collaborator

- Anticipated to receive Third Frontier funds and/or is contributing to Cost Share
- Not an affiliate, employee or relation of Lead Applicant
- To receive Third Frontier funds, Collaborator must be actively engaged in ongoing entrepreneurial service delivery

# Client

- Ohio technology-based company, or company committing to locating in Ohio
- Imagining, Incubating, or Demonstrating phase
- Service agreement
- 20+ hours of services since January 1, 2009

# Funding

- Up to \$50 million
- Up to \$100,000 of unallocated funds
  - High-value opportunities that may arise
  - Subject to Development approval
- Two-year period
  - January 1, 2015 to December 31, 2016

# Statement of Work

# Overall Structure and Function of the Regional Entrepreneurial Network

- Assets, sources of deal flow, technology targets
- Role of Lead Applicant and Collaborators
- Network facilitation and ensuring progress toward common objectives
- Relationships with regional business community and research institutions
- Linkage with JobsOhio and/or JobsOhio affiliates
- Sources of capital and relationship with funds

# Client Management Plan

- Pipeline and targeted outreach
- Start-ups from research institutions
- Selection criteria and process
- Services and resources based on commercialization phase and technology focus
- Methods to track and evaluate progress, and identify high-performers
- Communication, coordination of data and information management

# Client Data

	2009	2010	2011	2012	2013	2014
<b>CLIENTS</b>						
Active Clients						
Ceased operations						
Left Ohio						
Attracted to Ohio						
Research institution spinouts						
<b>JOBS</b>						
New Ohio permanent, full-time jobs						
<b>CAPITAL</b>						
Total third-party professional investment raised by Clients (\$)						
Third-party professional investment attracted into Ohio (\$)						
Number of Clients that raised at least \$250k						
Number of Clients that raised at least \$1M						
<b>OTHER LEVERAGE</b>						
Product sales (\$)						
Federal grants, licensing income and other revenue (\$)						
<b>CLIENT PROGRESS</b>						
Number of Clients that transitioned into Market Entry						
Number of Clients that transitioned into Growth and Sustainability						

# Case Studies

- Ten best examples
- Drawn from Lead Applicant and/or Collaborators
- Balance of different technology focus areas
- Demonstrate impactful services
- Illustrate what success looks like
- If applicable, describe collaborations

# Regional Approaches to Addressing Key Gaps

- Talent
- Inclusion
- Capital
- Customers
- Mentor Networks
- Other Unique Gaps

# System-wide Metrics Projections

- Qualified Deal
  - Technology-based opportunity
  - Imagining, Incubating or Demonstrating phases
  - Strong potential for jobs, capital, product sales, sustainability
  - Online application
  - Initial assessment through a direct interaction
- Active Client
  - Actively receiving services from Lead Applicant and/or Collaborators

# System-wide Metrics Projections

	2015	2016
New Ohio permanent, full-time jobs at Clients		
New Ohio 1099 contract jobs at Clients		
Total third-party professional investment raised by Clients (\$)		
Third-party professional investment attracted into Ohio (\$)		
Product sales (\$)		
Federal grants, licensing income and other revenue (\$)		
Qualified Deals		
Active Clients		
New Clients		
New Clients attracted to Ohio		
New Clients that are research institution spinouts		
Number of Clients that raise at least \$250,000 million in third-party professional investment capital		
Number of Clients that raise at least \$1 million in third-party professional investment capital		

Discuss percentage of Qualified Deals and New Clients owned or majority-controlled by women and minorities

# Proposed Services

## APPENDIX E

- Continuity
  - Continuing from current funding period
  - Similar in size and scope
- Continuity Plus
  - Substantive expansion or modification
- New
  - New regional initiatives

# Proposed Services

## APPENDIX E

- All activities
  - Detailed description
  - History
  - Organizations
  - Relevance to goals
  - Relevance to filling gaps
- Continuity/Continuity Plus
  - Evidence of need
  - Evidence of success to date
  - Improvements
- New
  - Justification of need
  - Likelihood of success
  - Qualifications/track record

# Budget

# Cost Share

- 1:1
- Minimum 75% in cash
- Up to 25% in Donated Services
  - High-value services to Clients from professional firms (e.g. legal, tax, accounting, marketing)
  - Documented number of hours and hourly rates
  - Verifiable and auditable
- No other forms of in-kind Cost Share (e.g. donated facilities, in-kind personnel)

# Cost Share

- Identified by amount, proposed use, and source
- Documented in Budget Forms
- Cash Cost Share
  - Commitment Letter
- Donated Services
  - Commitment Letter + Donated Services Provider Form

# Future Cost Share

- Funders with unique budget process & cycles
- Letter from Cost Share provider
  - Authorized representative
  - Amount and use of funds
  - Budget cycle and timing of funding announcement
- Must be current by the time Grant Agreement is executed

# Indirect (“F&A”) Costs

- Up to 20% of direct Third Frontier funds requested
- Only indirect costs may be used for facility-related costs
- Incubators may charge administrative personnel and shared resources (e.g. communications infrastructure, office supplies) as direct costs

# Budget Forms

- Budget Form 1
  - Lead Applicant
  - Continuity + Continuity Plus + New
  - Collaborator funds requested under Subcontract line
- Budget Form 2
  - Each Collaborator
  - Sum must equal Subcontract line in Budget Form 1
- Budget Form 3
  - Sources and type of Cost Share

# Budget Narrative

- Detailed explanation of the use of Third Frontier funds and Cost Share for each line item

# Evaluation Criteria

# Evaluation Criteria: Overall Proposal

- Likelihood of advancing the regional entrepreneurial system
- Soundness of approaches for filling the key gaps
- Quality of the services and resources
- Likelihood of achieving projections
- Likelihood of attracting venture capital
- Level of coordination of regional entrepreneurial support network

# Evaluation Criteria: Overall Proposal

- Efforts to create greater efficiencies through a more unified entrepreneurial support model and lessons learned
- Meaningful efforts toward sustainability
- Track record in advancing companies and creating economic impacts
- Tangible community support in the form of cash Cost Share
- Appropriateness of Donated Services relative to Qualified Deals

# Evaluation Criteria: Each Service Activity

- Need for continuation/expansion and success to date
- Relevance to advancing regional goals and filling gaps
- Need for new activity and likelihood of significant impacts
- Reasonableness of funding request relative to impacts

# Timeline

- Proposals due
  - August 11<sup>th</sup> at 1:00 p.m.
- Initial review
  - September 16/17 at the Third Frontier retreat
- Funding recommendations
  - TBD (anticipated in October)

# Question & Answer