

INVANTAGE GROUP

Innovative strategies for your advantage.

Ohio

Third Frontier

Innovation Creating Opportunity

Ohio's New Entrepreneurs (ONE) Fund

ONE FUND!
OHIO'S NEW ENTREPRENEURS 

FY2012

Start-up Accelerator Program

Evaluation Report

February 2012

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Program Background

- Accelerator History

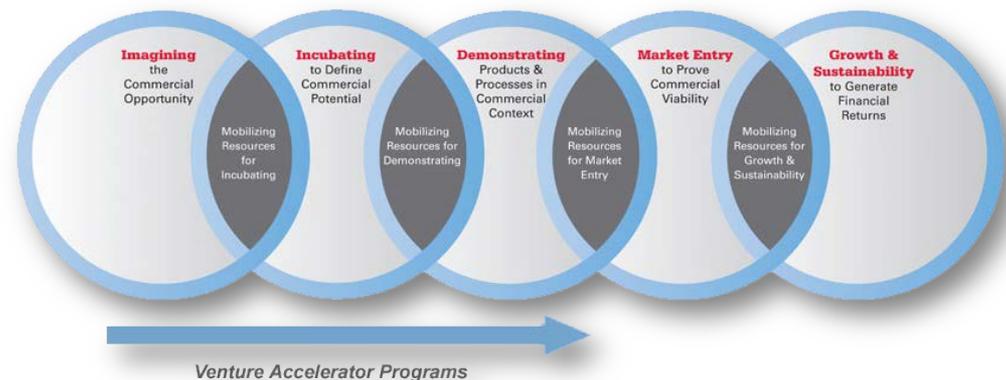
- Model emerged in 2005 around Information Technology
 - Y Combinator founded in Mountain View, California in 2005
 - TechStars founded in Boulder, Colorado in 2006
 - Program success has triggered rapid proliferation
 - Number of accelerators has grown rapidly, especially since 2010
 - Both US and worldwide growth



Program Background

- Accelerator Model

- Seeks to connect emerging technologies with market needs
 - Typically applied to a relatively small group of entrepreneur teams
 - Utilize well-defined programmatic structure
 - Identifiable progression targets
 - Mentorship by seasoned entrepreneurs, technologists, and business experts
 - Focus on teams and concepts which can meaningfully benefit
 - Able to demonstrate a high likelihood of raising follow-on investment
 - Ability to quickly validate the business model
 - Often involves multiple concept iterations
 - Accelerator model rapidly takes start-up teams through early stages of the commercialization framework



ONE Fund Desired Outcomes

- Program Goals & Objectives
 - Support accelerator programs with potential to become world-class
 - Attract and retain entrepreneurial talent in Ohio
 - Accelerate the formation and development of companies
 - Assist young companies in attracting follow-on investment
 - Foster a culture of entrepreneurship
 - Raise the visibility and excitement about entrepreneurship in Ohio

Requirements and Funding

- Program requirements
 - Program duration of approximately 10 – 12 weeks
 - Start-up “boot camp”
 - Support between 5 – 10 teams
 - Strong team commitment and evaluate progress
 - Provide a dedicated, collaborative facility
 - High graduation standards
 - “Showcase Day” event to investors
- Funding and cost share requirements
 - Maximum of 10 teams with funding of \$20k per team
 - OTF funding restrictions...
 - Used only to support the entrepreneurial teams
 - Must use cost share funding for operating costs and overhead expenses

Evaluation Process

- Proposal evaluations
 - Develop evaluation paradigm based on stated criteria and goals
 - Review plans based on documented evidence within proposals
 - Three primary evaluation categories with weighted sub-components

Organizational Capabilities

Relevant experience, resources, & capabilities

- Past performance or similar programming
- Leadership expertise
- Organizational resources
- Credible plans for achieving the specified goals

Program Capabilities

Plans for executing the accelerator program

- Potential to be world class
- Understanding and planning for an accelerator program
- Methodology and execution
- Team attraction and program promotion
- Credible funding from private, non-state sources

Team Resources

Commitment of resources and tools to assist teams

- Breadth, depth, and commitment of mentors
- Access to target markets for feedback and validation
- Well-defined program management tools
- Ability to gain access to a broad investor network

Evaluation Process

- Two-stage evaluation process
 - First round review of written applications to identify best proposals
 - Second round review of supplemental information
 - Final recommendation

Stage 1 Review

Focus: Identify promising proposals

- Quick reading
- Review in detail
- Assign preliminary scores
- Ensure consistent criteria application
- Determine scoring gap
- Identify best proposals for Stage 2
- Identify information gaps/questions

Stage 2 Review

Focus: Recommendations for funding

- Submit customized questions
- Review written responses
- Face-to-face interviews
- Second review
- Final scores and rank
- Recommend funding range
- Provide supporting documentation

Summary of Evaluations

Summary of ONE Fund Proposal Evaluations

Proposals reviewed for Stage 1	9
Recommended for Stage 2	6
Recommended for funding	4
Lowest score recommended	81 points
Highest score not recommended	71 points

Summary of Recommended Proposals

Lead Applicant	Accelerator Name	Funds Requested	Scores
Main Street Ventures, dba The Brandery	The Brandery	\$200,000	90.3
Shaker LaunchHouse	LaunchHouse Institute	\$200,000	88.7
Ohio State University	The 10-Xelerator (10X)	\$200,000	87.8
Innov8, LLC	Innov8 for Health	\$160,000	81.4

Recommended Proposals

Applicant: Main Street Ventures, dba The Brandery

Accelerator: The Brandery

Summary of key findings

- Organizational Expertise
 - Focused approach builds on regional strength in consumer marketing
 - Key personnel have extensive and relevant backgrounds in the program's focus areas
 - Previous program success attracting large applicant and investor interest
 - Class 1 raised > \$2 MM in capital and Class 2 currently negotiating > \$6 MM
- Program Capabilities & Plans
 - Distinct programming and strong national attention
 - Recognition as a top 10 accelerator program in a recent industry review
 - Member of the Global Accelerator Network (originally known as TechStars network)
 - Most funding comes from corporations and foundations
- Team Resources
 - Very deep mentor network in focus areas of consumer products, media, etc.
 - Significant emphasis on the importance of social and networking opportunities

Recommended Proposals

Applicant: Shaker LaunchHouse

Accelerator: LaunchHouse Institute

Summary of key findings

- Organizational Expertise
 - Three years of relevant experience with start-ups to accelerate development
 - Focus on business and healthcare software and web-based technology companies
 - Well developed curriculum and resources, though prior work not done within class cycle
 - Leveraged \$130k in investment capital into companies raising \$3 MM in funding
- Program Capabilities & Plans
 - Clear philosophy and systematic approach guides the program
 - Well defined team selection and multi-level screening process, including innovative ideas
 - Majority of funds come from private sources and proposed budget is fairly lean
- Team Resources
 - Well defined program curriculum with three threads and specifically designated leaders
 - Auditions, performance feedback, and tiered commitments for mentors across industries
 - Concept development and testing integrated into early stages of program

Recommended Proposals

Applicant: Ohio State University

Accelerator: The 10-Xelerator (10x)

Summary of key findings

- Organizational Expertise
 - IT focus including web 2.0, social, mobile, software development, and data services
 - Running second program with broad attraction of teams both domestic and international
 - Class 1 teams raised \$2.4 MM and additional \$2.1 MM currently under negotiation
- Program Capabilities & Plans
 - Clear philosophy and systematic approach guides the program, including well defined four stage selection process with written, video, and in-person components
 - Member of the Global Accelerator Network (TechStars network), using programming model with heavy dependence on fast iterations, deep mentor network, and collaboration
 - Investor group has already committed \$200k to funding top teams from each class
 - Budget based on privately raised investor fund for operations and program management
- Team Resources
 - Use early experiences to adjust use of three-tiered mentor network and pairing process

Recommended Proposals

Applicant: Innov8, LLC

Accelerator: Innov8 for Health

Summary of key findings

- Organizational Expertise
 - Specific focus on IT to improve the quality and affordability of health care
 - No previous accelerator experience, but recently conducted a successful initial event which showed strong applicant involvement and investor interest
 - Key team leaders have strong backgrounds in focus area and have gained considerable traction with several area corporate and healthcare partners
- Program Capabilities & Plans
 - All operating funding comes from private (mostly corporate) donations
 - Proposed facility and resource networks ideally located in healthcare cluster
- Team Resources
 - Deep and relevant core team experience is foundation primary mentors
 - Supplemental support from a broader pool of subject matter experts
 - Curriculum derived from other healthcare start-up programs and investor inputs
 - Facility location and Customer Advisory Panel brings access to industry decision-makers

Conclusion

- Evaluation Summary

- Higher rated proposals have stronger potential to compete and succeed in a rapidly expanding accelerator marketplace
 - Stronger job addressing specified criteria and demonstrating capabilities
 - Greater chance of creating world class accelerator programs
 - Differentiating through distinct focus or membership in national networks
 - Innovating aspects in various areas of programming or funding
- Lower rated proposals have some common gaps
 - Less developed/innovative program and management plans
 - Smaller budgets either indicative of funding problems or inexperience
 - Smaller or more limited resource networks
 - Potentially limited or regional in focus and reach
- Evaluations and scoring as a future planning aid
 - Evaluation feedback effective tool for all applicants
 - Potential for solid local or regional accelerators in other programs