



Third Frontier

Innovation Creating Opportunity

Advisory Board & Commission Meeting

June 22, 2012

Agenda

11:30	Call to Order	Chairs
	Approval of 05/23/12 Meeting Minutes (Vote)	
	FY 2012 Program Plan and Budget Update	Norm Chagnon
	FY 2012 to FY 2013 Strategy	Lisa Delp
	Strategic Planning Process	All
	Other Business	
2:15	Adjourn	



FY 2012
Program Plan and Budget
Update

FY 2012 Program Plan and Budget Update

PROGRAM	FY 2012 Budget (in millions of \$)	RFP Opened (in millions of \$)	AWARDS (in millions of \$)	BALANCE (in millions of \$)
Entrepreneurial Signature Program	40.0	40.0	Jun '12	40.0
ONE Fund (multiple rounds)	1.7	1.6	Feb '12 0.9	0.8
Growth Fund	10.0		TBD	10.0
Pre-Seed Fund Capitalization	25.0	25.0	Nov '12	25.0
Micro Seed Funds Initiative	1.0	1.0	TBD	1.0
JobsOhio Network	14.9	14.9	Aug '11 14.9	0.0
Commercial Acceleration Loan Fund	25.0		TBD	25.0
Targeted Industry Attraction (Rolling)	5.0	5.0		5.0
Industrial R&D Center Program (Rolling)	25.0	25.0	7.3	17.7
Tech Validation & Start-Up Fund (multiple rounds)	6.0	6.0	Apr '12 0.9	5.1
Innovation Platform Program	18.0	18.0	Jul '12	18.0
Open Innovation Incentive	8.0	8.0	Jul '12	8.0
Research Incentive (earmark)	8.0	8.0	8.0	0.0
Internship Program	3.0	3.0	Jun '12	3.0
TOTAL	190.6	155.5	32.0	158.6

FY 2012 Program Plan and Budget Update

FY 2011/2012 Comparison

Status	FY 2012 Programs	FY 2012 Budget	FY 2011 Programs	FY 2011 Budget
	ENTREPRENEURIAL		ENTREPRENEURIAL	
Continue	Entrepreneurial Signature Program (ESP)	40.0M 2-yr	Entrepreneurial Signature Program (ESP): Continuity	10.0M
New	One Fund	1.7M	N/A	N/A
Change	Pre-seed Capitalization	25.0M	Pre-seed Capitalization	10.0M
New	Micro Fund	1.0M	N/A	N/A
New	Growth Fund	10.0M	N/A	N/A
	Subtotal	77.7M	Subtotal	20.0M

FY 2012 Program Plan and Budget Update

FY 2011/2012 Comparison

Status	FY 2012 Programs	FY 2012 Budget	FY 2011 Programs	FY 2011 Budget
	VALUE CHAIN		VALUE CHAIN	
New	JobsOhio Network	14.9M	N/A	N/A
New	Commercial Acceleration Loan Fund	25.0M	Cluster Development Programs (7)	49.0M
Continue	Targeted Industry Attraction	5.0M	Targeted Industry Attraction	3.0M
	Subtotal	44.9M	Subtotal	52.0M

FY 2012 Program Plan and Budget Update

FY 2011/2012 Comparison

Status	FY 2012 Programs	FY 2012 Budget	FY 2011 Programs	FY 2011 Budget
	OPEN INNOVATION		OPEN INNOVATION	
New	Technology Validation & Start-up	6.0M	N/A	N/A
New	Open Innovation Incentive	8.0M	N/A	N/A
Change	Innovation Platform Program	18.0M	Wright Projects	21.0M
Change	Industrial R&D Center Program	25.0M	Research and Development Center Attraction Program	25.0M
N/A	Research Incentive	8.0M	Research Incentive	8.0M
	Subtotal	65.0M	Subtotal	54.0M

FY 2012 Program Plan and Budget Update

FY 2011/2012 Comparison

Status	FY 2012 Programs	FY 2012 Budget	FY 2011 Programs	FY 2011 Budget
	TALENT		TALENT	
Continue	Internship Program	3.0M	Internship Program	3.0M

FY 2012 Program Plan and Budget Update

2011-2012 Comparison (New)

- **Entrepreneurial**
 - One Fund
 - Micro Fund
 - Growth Fund
- **Value Chain**
 - Commercial Acceleration Loan Fund (replaced Cluster Development Program grants)
 - Jobs Ohio Network
- **Open Innovation**
 - Tech Validation & Start-up Fund
 - Open Innovation Incentive

FY 2012 Program Plan and Budget Update

2011-2012 Comparison (Change)

- Wright Projects to Innovation Platform Program
 - No *Wright Capital Fund* limitations; greater flexibility operating and fixed asset uses
 - Support of existing platform technology
 - Stronger industry pull; later stage development/commercialization needs
- RDCAP to IRDCP
 - Increased the threshold for corporate R&D centers from \$10 to \$15 million
 - Emphasized that federal R&D centers have to have relevance/utility back to industry
- Cluster Development Programs to Commercial Acceleration Loan Fund
 - Loans instead of grants
 - Single program and pool of funds for all technology focus areas
 - As loan fund, eligibility focused on private companies
 - Collaboration encouraged, not required

FY 2012 Program Plan and Budget Update

2011-2012 Comparison (Increase/decrease funding allocation)

- ESP was \$10M last year; Currently \$40M (2-year)
- Pre-seed Capitalization was \$10M last year; Currently \$25M
- TIA was \$3M last year; Currently \$5M
- Wright Projects was \$21M last year; IPP currently \$18M
- Cluster Development was \$49M; CALF currently \$25M

FY 2012 Program Plan and Budget Update

9-month Comparison

- Targeted Industry Attraction *Approved 12/11*
 - Grant program reauthorized at \$5M
- Pre-seed Fund Capitalization *Approved 02/12*
 - For-profit Fund awards structured as non-recourse loans
 - For-profit Fund return model defined to increase chances of state return on capital
- Technology Validation & Start-up Program *Approved 04/12*
 - Eligibility changed from just higher education institutions to include other not-for-profit research institutions



FY 2012 to 2013
Strategy

FY 2012 to FY 2013 Strategy

- Overall Strategic Direction
- Technology Focus Areas
- Functional Areas
- Metrics
- Summary and Next Steps
 - Identify key topics for future evaluation and discussion
 - Prioritize key topics
 - Discuss action steps for collection of information/input

FY 2012 to FY 2013 Strategy

Strategic Changes and Choices

- Role of the Ohio Third Frontier
 - Goals
 - Measurement of Success
- Programming:
 - Entrepreneurial Support
 - ESP services
 - Investment capital (grants loans, equity)
- Industry Focus:
 - Direct Company Commercialization Support
 - Infrastructure Investment for Industry Sectors

FY 2012 to FY 2013 Strategy

Next Steps:

- Organize and provide summary of feedback
- Distribute summary for review and additional input
- Develop action plans to address priority topics and identify members and other stakeholders interested in working on specific topics



Strategic Planning Process

Strategic Planning Process

- Logistics
 - August 22,23 or September 19,20
 - Cherry Valley Lodge (Newark) or Aileron (Tipp City)
- Agenda
 - Structure/Scope
 - Board and Commission operation
 - Historic overview
 - Findings from information/data gathering
 - Facilitated discussion structure around major topics and programs
 - Decisions on FY 2013 strategy and program plan/budget
- Outcomes/Goals
 - Strategic Direction
 - FY 2013 Program Plan and Budget
 - Performance Metrics

FY 2012 to 2013
Strategy

Reference Slides

FY 2012 to FY 2013 Strategy

Ohio Third Frontier Future Direction (2011+)

- A portfolio of activities that emphasizes economic outcomes in the 3-5 year timeframe
- Updated assessment of major Ohio market opportunities and sharper focus on six key industries integrated with state's overall economic development strategy
- Identification of some potential large game-changing investments that can be pursued in the next five years
- Explore funding alternatives [to grants] that shift more risk to award recipients and generate direct return back to OTF for future investments
- Metrics that improve ability to make ROI-based decisions and track success in those terms

FY 2012 to FY 2013 Strategy

OTF Outcomes

- Produce a high level of economic return for the state in quality jobs, company growth, and wealth creation
- Attract companies, talent and capital to Ohio
- Create sustainable engines of economic development activity in key areas of technology and industry strengths
- Reduce the risk of pursuing entrepreneurial, innovation and development activities in Ohio
- Sustain best practices and relationships that lead to efficient commercialization
- Increase the visibility and reputation of Ohio as an innovation and entrepreneurial destination

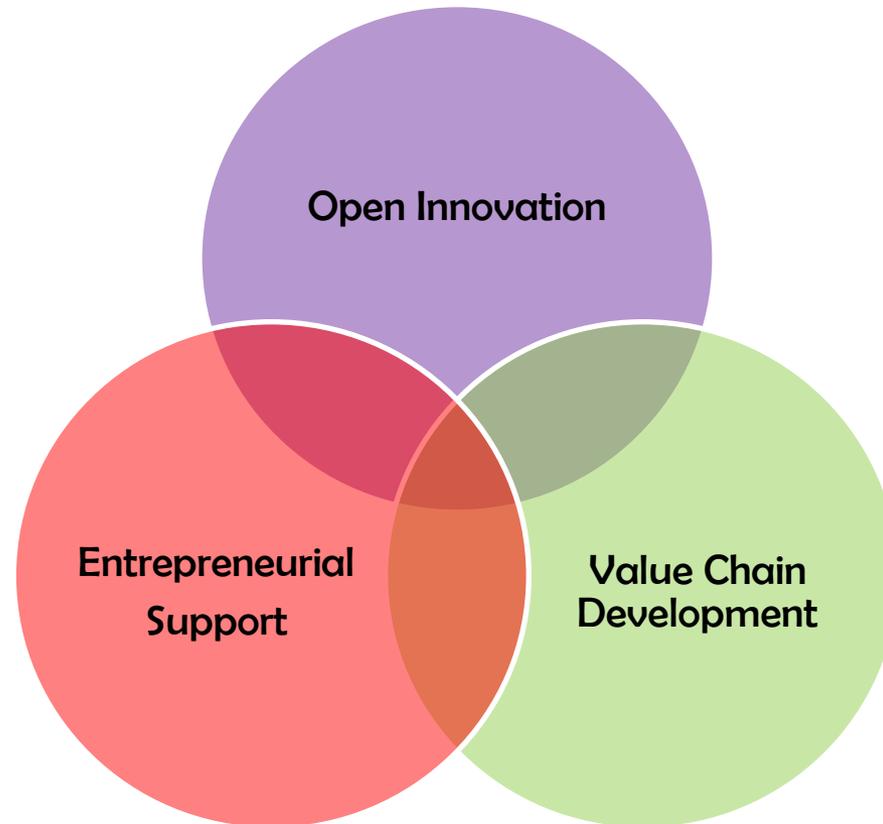
FY 2012 to FY 2013 Strategy

Technology Focus Areas

- Advanced Materials
- Aeropropulsion Power Management
- Fuel Cells and Energy Storage
- Solar Photovoltaics
- Medical Technology
- Software Applications for Business and Healthcare
- Sensing and Automation Technologies
- Situational Awareness and Surveillance Systems

FY 2012 to FY 2013 Strategy

Functional Areas



FY 2012 to FY 2013 Strategy

Budget By Functional Areas

Entrepreneurial Support	Value Chain Development	Open Innovation	Talent	Total
\$77.7 M	\$44.9 M	\$65 M	\$3 M	\$190.6 M
41%	24%	34%	1%	100%

FY 2012 to FY 2013 Strategy

Entrepreneurial Support

\$77.7 M - 42% of total budget

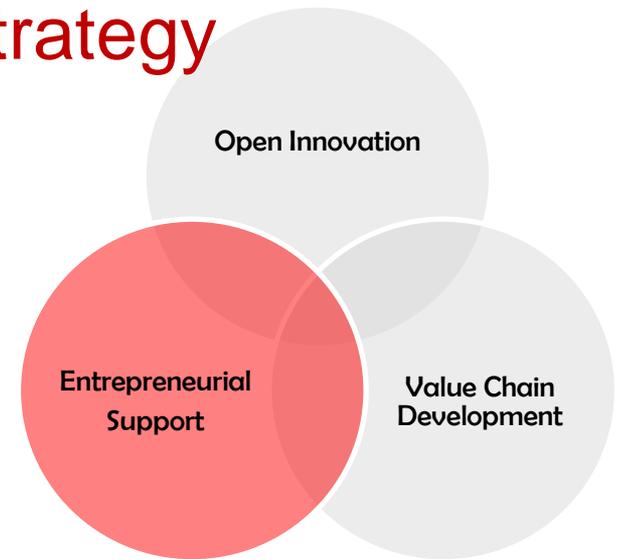
Entrepreneurial Signature Program

Pre-seed Fund Capitalization

Micro Fund *New*

Growth Fund *New*

ONE Fund



Improve the capacity of Ohio's entrepreneurial ecosystem to deliver services and attract capital necessary to create and grow scalable technology-based enterprises

FY 2012 to FY 2013 Strategy

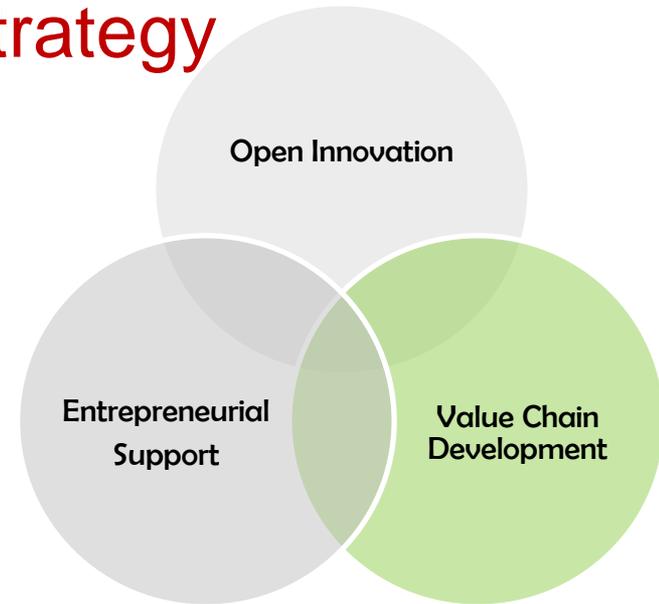
Value Chain Development

\$39.9 M - 21% of budget

JobsOhio Network *New*

Commercial Acceleration
Loan Fund *New*

Targeted Industry Attraction



Increase the technical capabilities and business competencies of Ohio value chains within key existing and emerging driver industries and pursue targeted attraction to fill gaps

FY 2012 to FY 2013 Strategy

Open Innovation

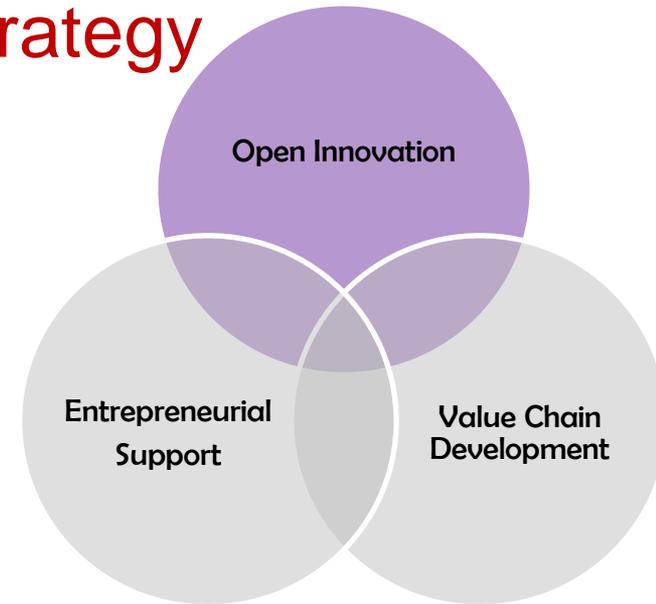
\$65 M* - 35% of budget

Technology Validation & Start-up Fund *New*

Open Innovation Incentive *New*

Innovation Platform Program

Industrial R&D Center Incentive



Cultivate a highly collaborative and innovative environment that encourages Ohio's community of technology seekers and solvers to regularly exchange new knowledge in pursuit of targeted market driven commercial opportunities

* Includes \$8 M Research Incentive budget item

Review of FY 2012 Strategy

Talent

\$3 M - 1% of budget

Third Frontier Internship Program



FY 2012 to FY 2013 Strategy

Performance Metrics

- Tracked for all active grants
- Six-month reporting in standard format
- Dashboard presentation by program

State Funds Awarded	Leverage	Jobs (direct)	Companies Created/Attracted/ Capitalized
State Funds Expended	<ul style="list-style-type: none">• federal grants• industrial contracts• new product sales	<ul style="list-style-type: none">• created• average salary• cost per job	
Cost Share Expended	<ul style="list-style-type: none">• follow-on investment• other	Jobs (indirect)	
	Leverage Ratio		