



University Startups Conference 2010
December 3, 2010
Washington Convention Center Washington, DC

Presented by:
Richard A. Bendis
President and CEO
Innovation America



Why Is Innovation Essential?

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

-STEVE JOBS

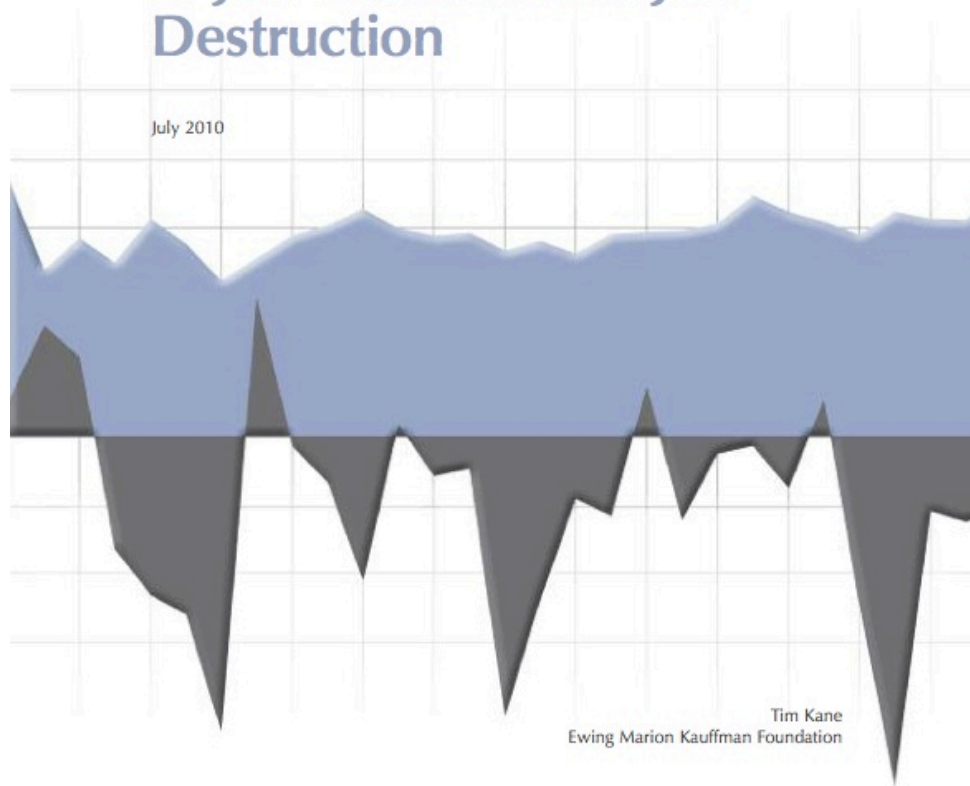


Job Growth in U.S. Driven Entirely by Startups, According to Kauffman Foundation Study

Kauffman Foundation Research Series:
Firm Formation and Economic Growth

The Importance of Startups in Job Creation and Job Destruction

July 2010



Tim Kane
Ewing Marion Kauffman Foundation

Small Business



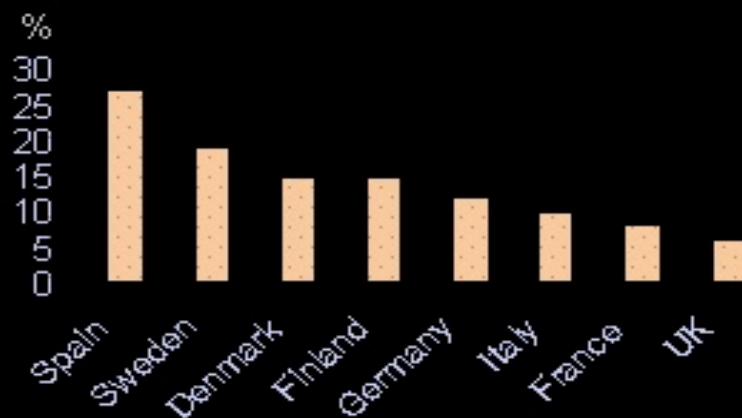
- "On average and for all but seven years between 1977 and 2005, existing firms are net job destroyers, losing 1 million jobs net combined per year. By contrast, in their first year, new firms add an average of 3 million jobs," the study reports.
 - Kauffman Foundation
- Source: Research Series:
Firm Formation and Economic Growth

Corporate Spin-offs VS. University Start-Ups



Corporate Spin-offs Versus University Start-Ups (EU Study)

Corporate Spin-offs as a Proportion of All Start-ups



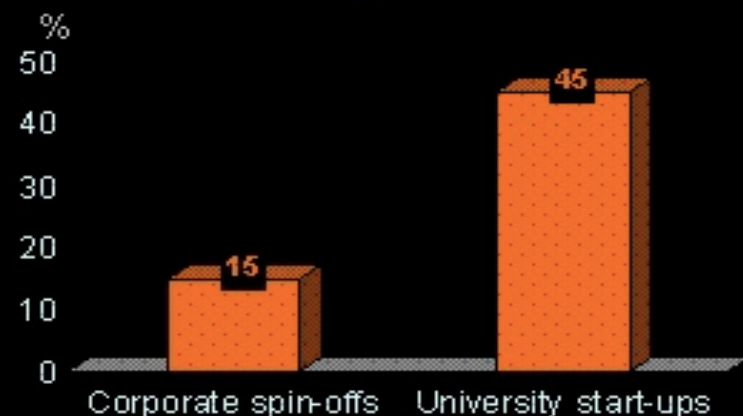
Hurdles of University Start-ups

- Grow slowly
- Commercialization hampered by bureaucracy
- Less entrepreneurial approach

Benefits of Corporate Spin-offs

- Greater business experience
- Better access to development capital
- Better access to markets
- Better job prospects for employees

Failure Rate



Survey Suggests Top 10 Reasons University Start-ups Fail

- 1. Management failure**
- 2. Failure to raise sufficient capital**
- 3. Innovation does not meet a commercial need**
- 4. Geography**
- 5. Cultural factors**
- 6. Government laws, bureaucracy, and programs**
- 7. Infighting within the start-up team**
- 8. Problems with IP**
- 9. Poor business plan**
- 10. Unrealistic expectations**

Source: Beyond the First World – BFW News



Identifying the Key Steps for a Successful Start-Up



President Obama's Strategy For American Innovation

President's Strategy for American Innovation

Tech Role in Innovation for Sustainable Growth and Quality Jobs

Open Government Initiative focused on empowering everyday Americans

Catalyze Breakthroughs for National Priorities

- Unleash a clean energy revolution
- Support advanced vehicle technology
- Drive breakthroughs in health IT
- Address scientific "grand challenges"

Smart Grid and Health IT Apps innovation efforts underway

Promote Competitive Markets that Spur Productive Entrepreneurship

- Promote American exports
- Support open capital markets that allocate resources to the most promising ideas
- Encourage high-growth and innovation-based entrepreneurship
- Improve public sector innovation and support community innovation

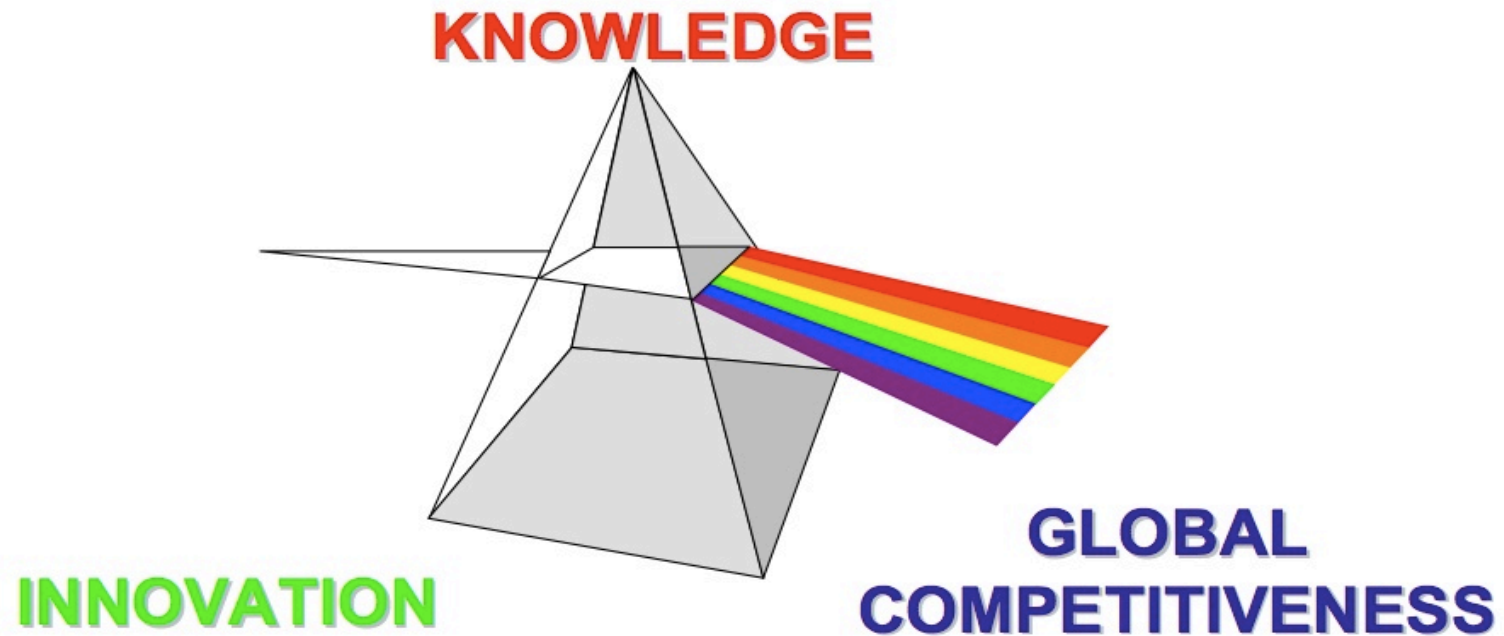
Cloud Computing and Mobility as platforms for growth

Invest in the Building Blocks of American Innovation

- Restore American leadership in fundamental research
- Educate the next generation with 21st century knowledge and skills; create a world-class workforce
- Build a leading physical infrastructure
- Develop an advanced information technology ecosystem



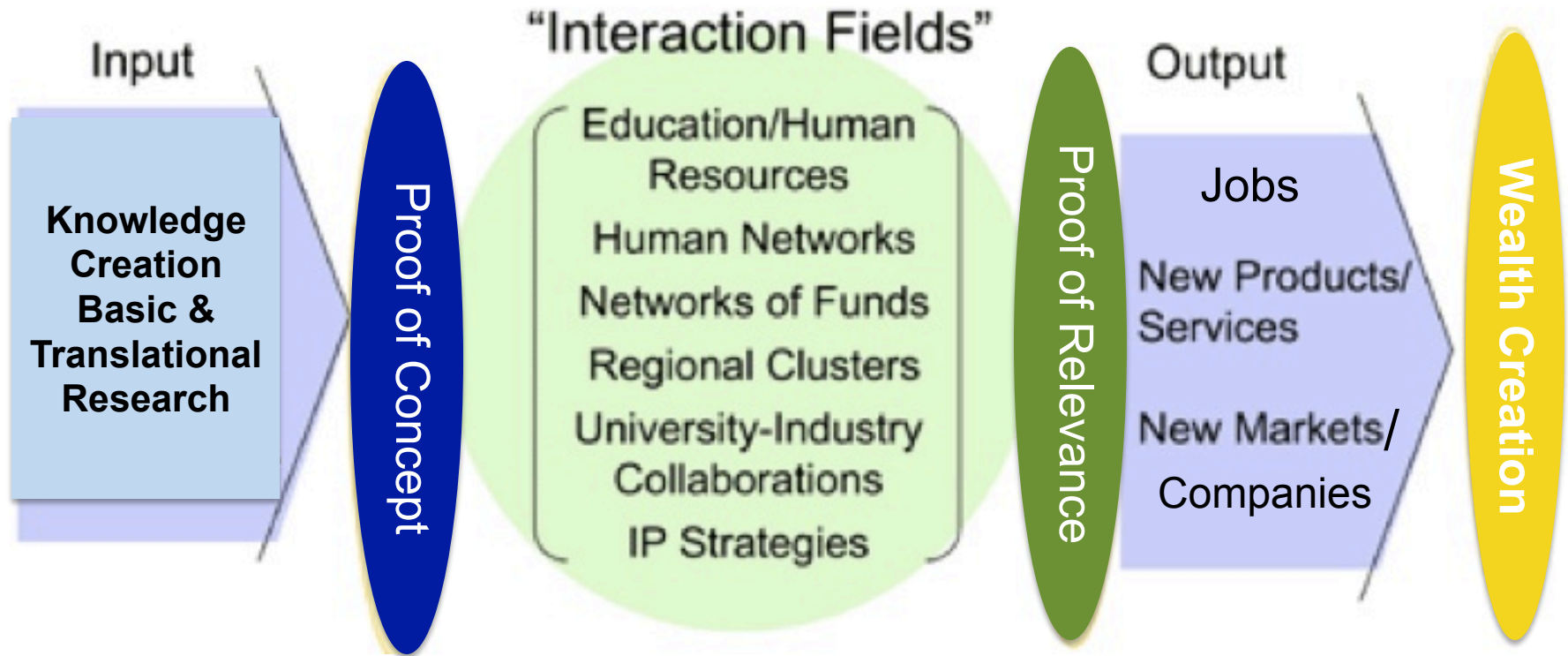
Innovation Economy



“If a man empties his purse into his head, no man can take it away from him. An investment in knowledge always pays the best interest.”

--Ben Franklin

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.

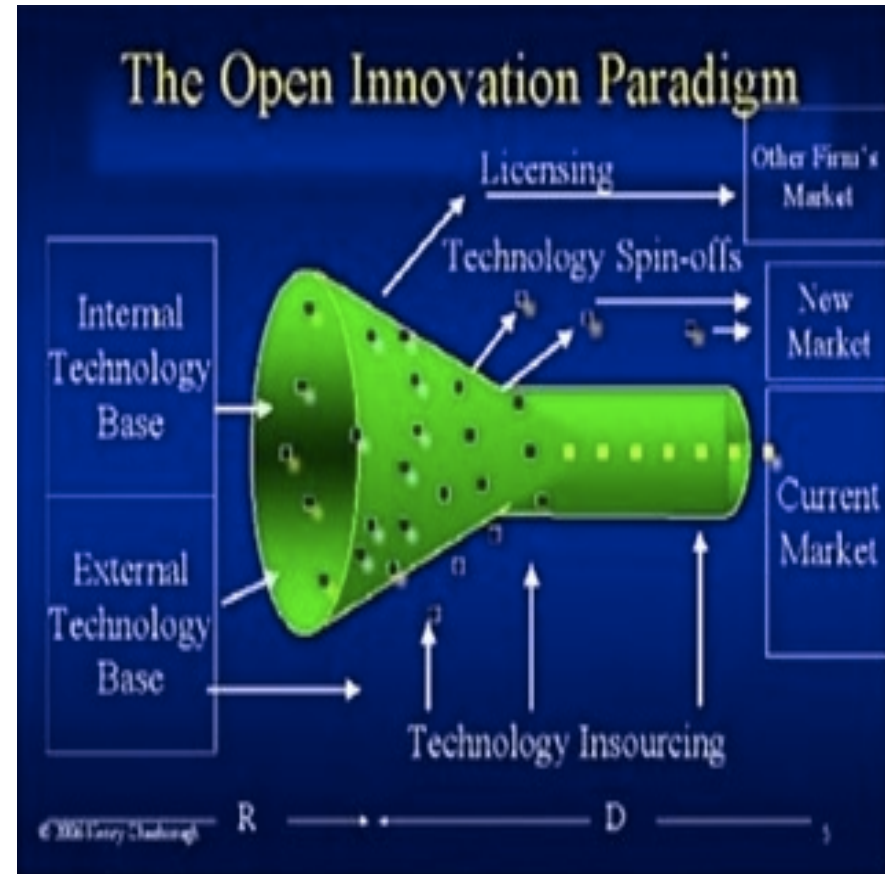
Global Innovation Network

Global Innovation Network



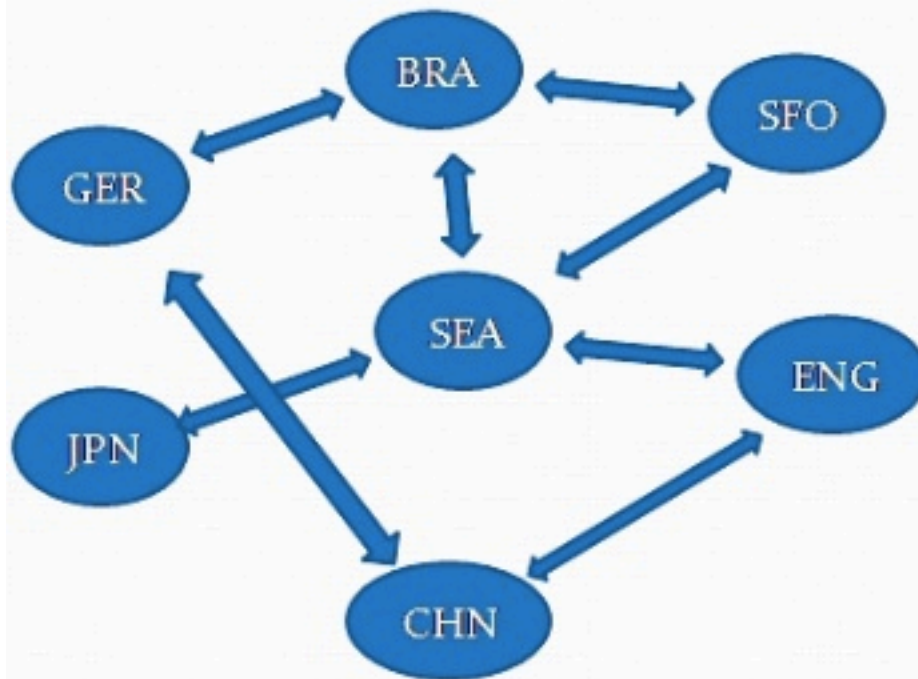
Open Innovation

Open innovation is what happens when big companies collaborate on a large scale with outsiders – university researchers, suppliers, small tech start-ups – to get new products or services to market.



Global Innovation Networks

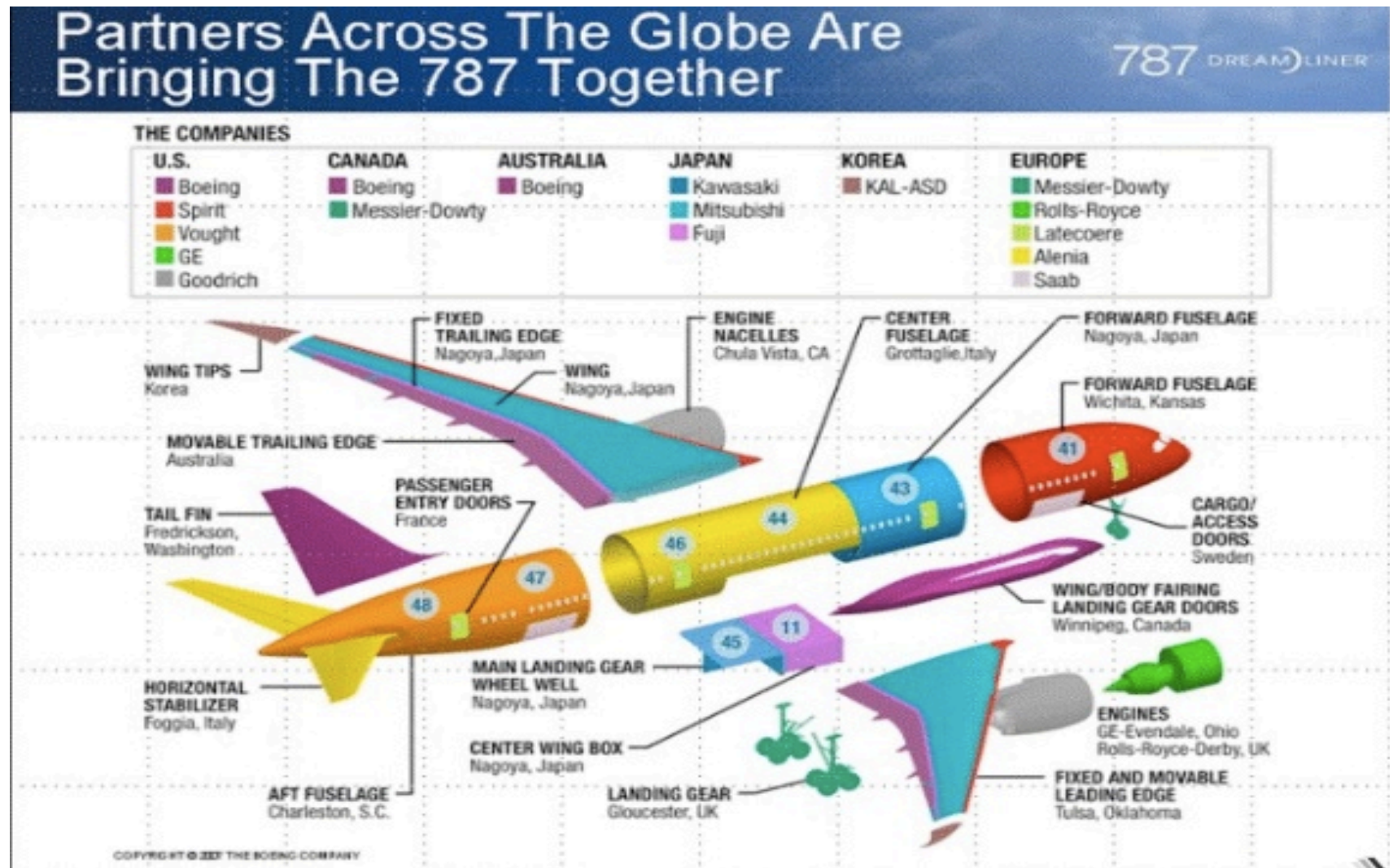
New Model: Regional Clusters making up Global Innovation Networks



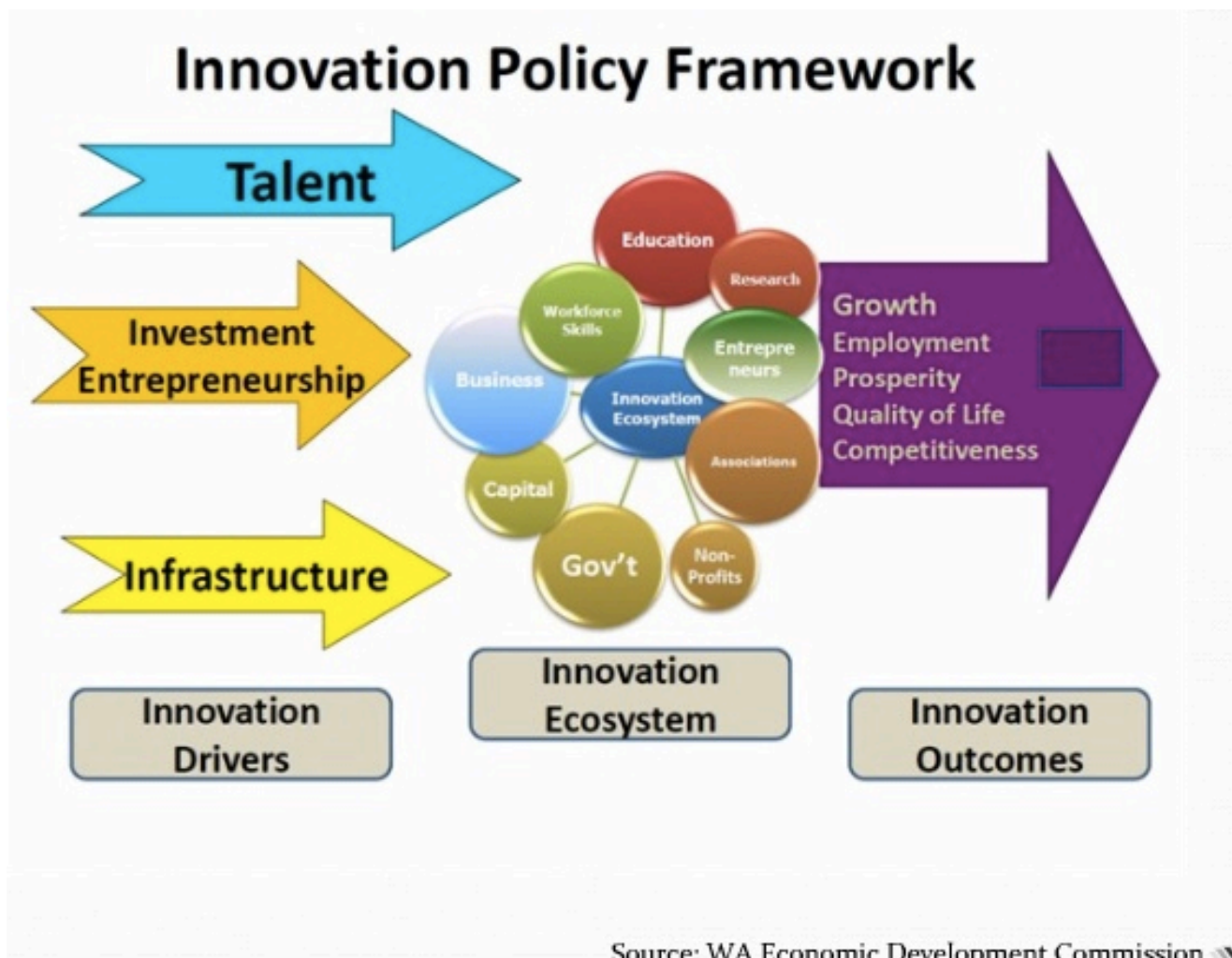
Exchange of

- Ideas
- Talent
- Investment
- Supply Chain Linkages
- Design
- Manufacturing
- Sales
- Marketing

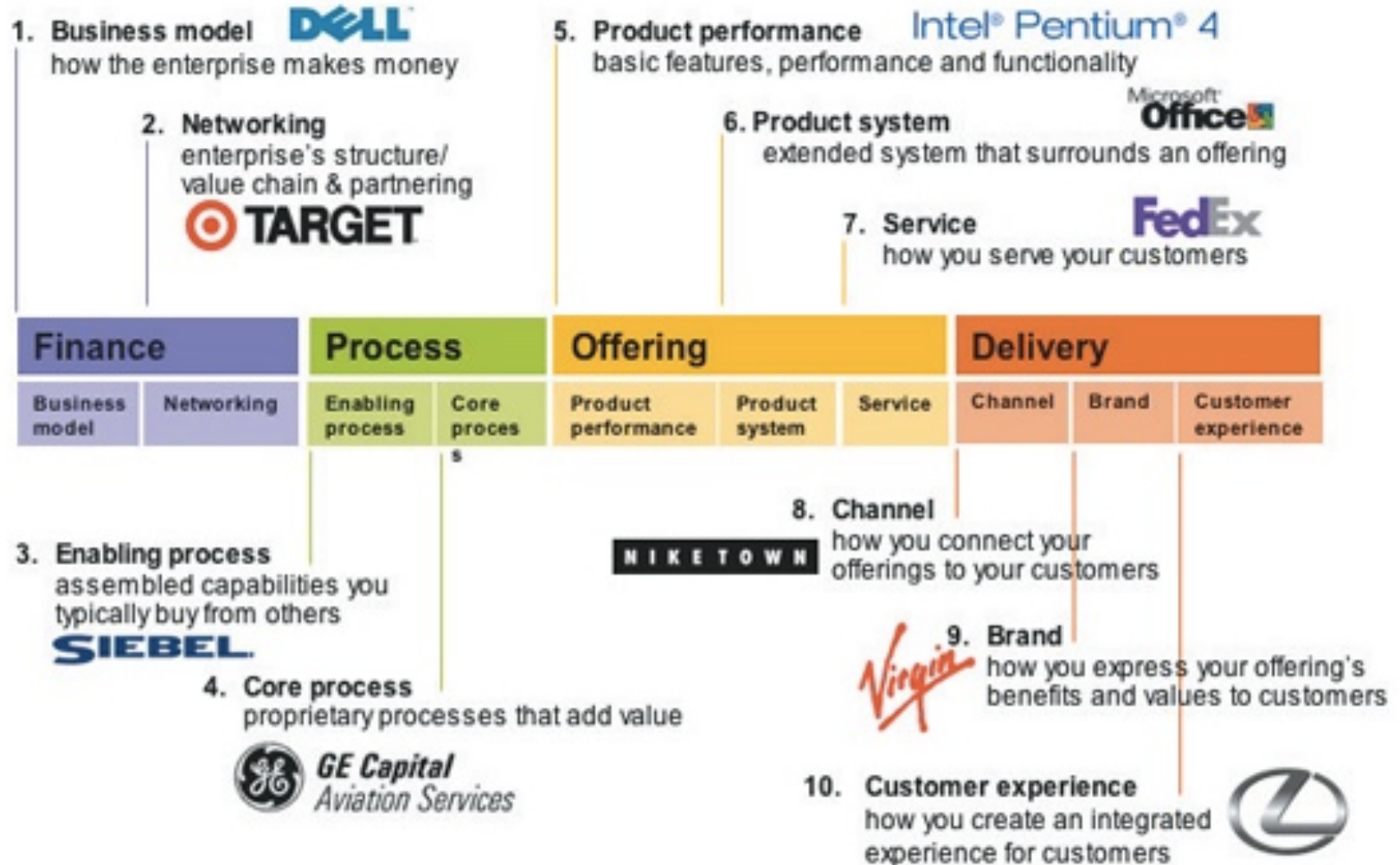
Global Innovation Networks



Innovation Policy Framework



10 Types of Innovation



Implementing a New Innovation Paradigm

- Willingness to deviate from traditional and parochial perspectives
- Encourage public investment and risk taking
- Developing trust through collaboration
- Ensuring the paradigm is responsive to partners' missions
- Building consensus of all constituents through education, participation, and positive outcomes
- Move from technology-based economic development to

Innovation-Based Economic Development (IBED)



What is An 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.

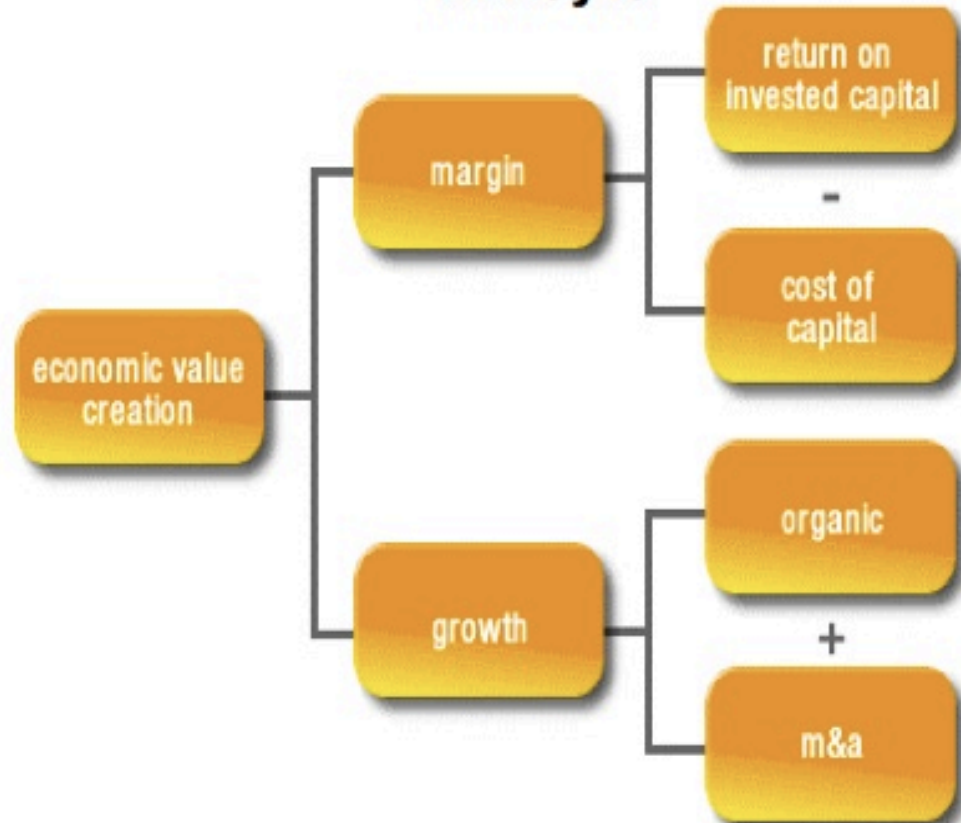


Innovation Paradigm Shift

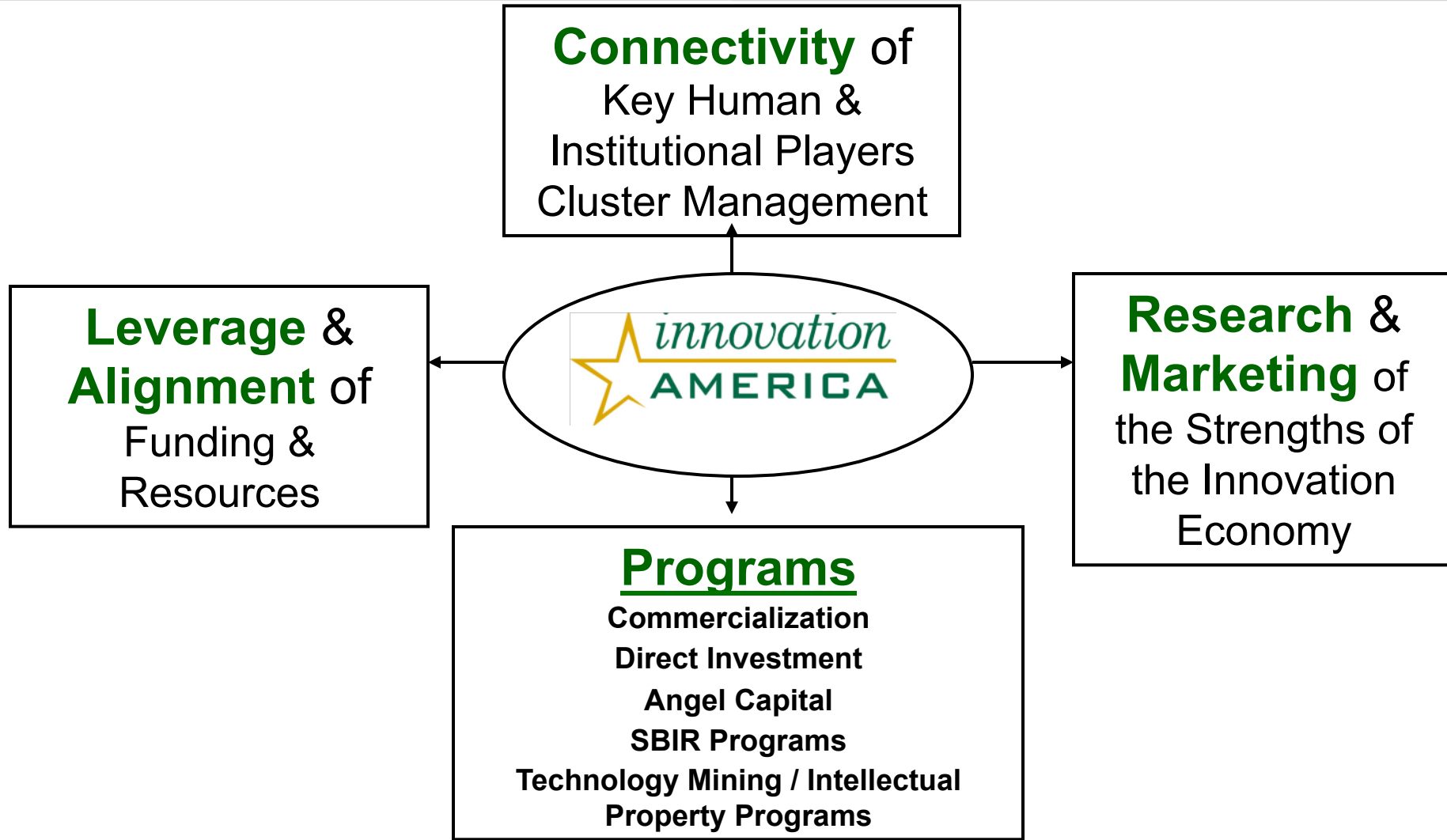
PROOF OF CONCEPT (Technological Feasibility) “It Works!”



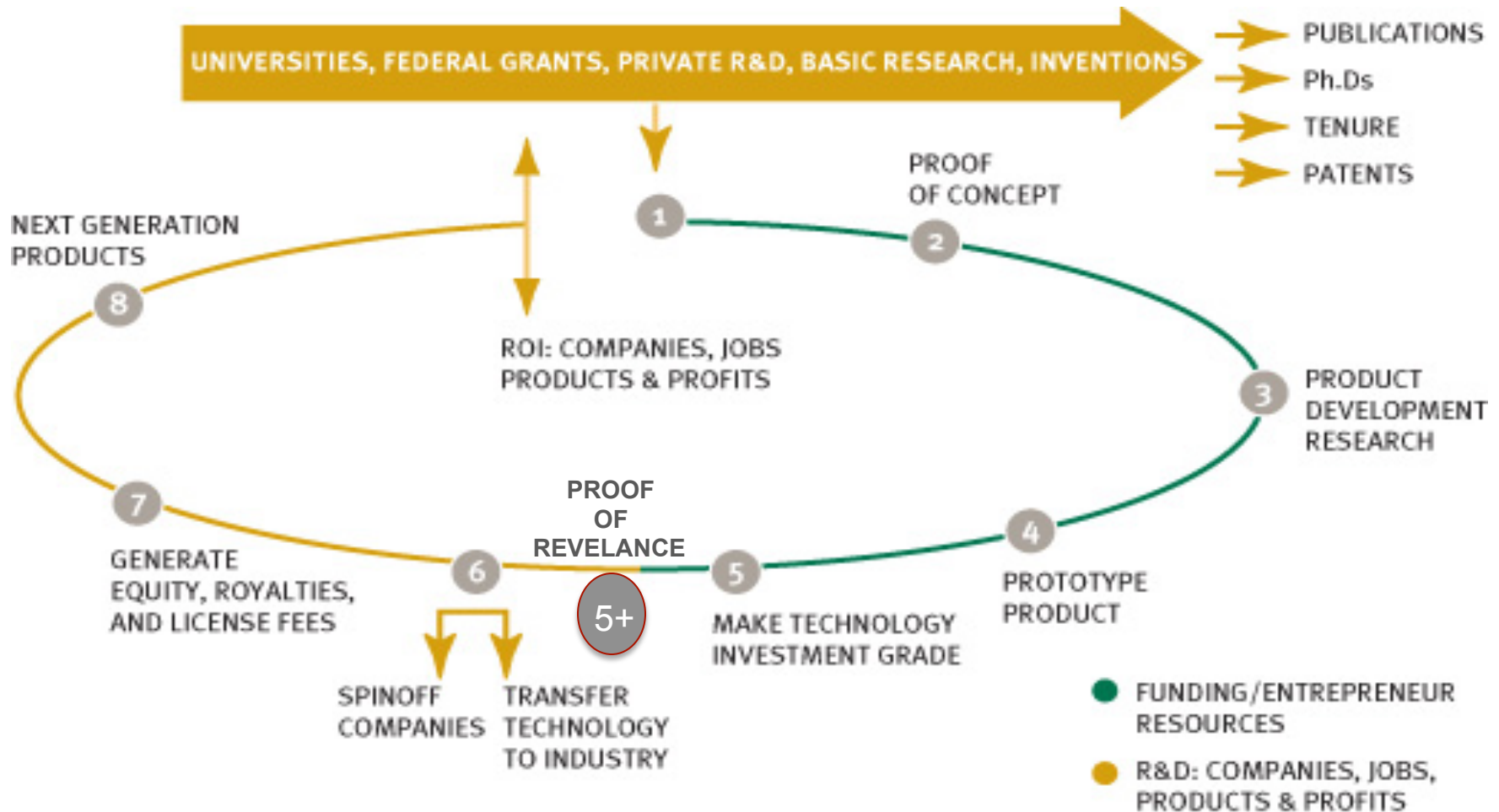
PROOF OF RELEVANCE (Market Pull) “I’ll Buy It”



21st Century Innovation Intermediary



Innovation Commercialization Model



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



U.S. State IBED Programs



Third Frontier
Innovation Creating Opportunity



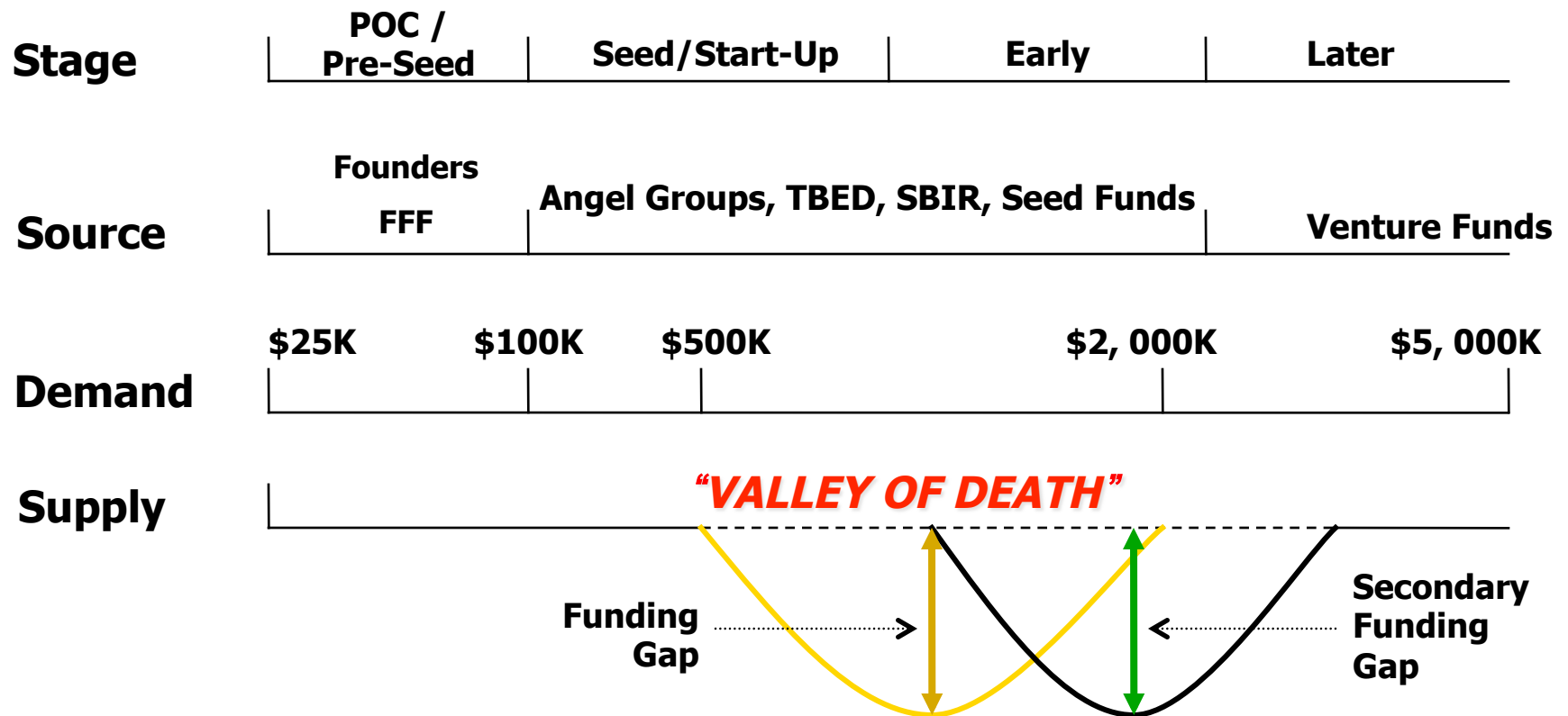
U.S. Regional IBED Intermediaries





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*”

New Popular Venture Financing Programs

Mentorship programs:

- Help startups ideate
- Form founding teams
- Build initial products.



Super Angels:

Provide capital and guidance to:
hire non-founder employees
further product development
market the initial product (usually to
early adopters) and
raise follow on VC funding.



Popular Venture Financing Programs

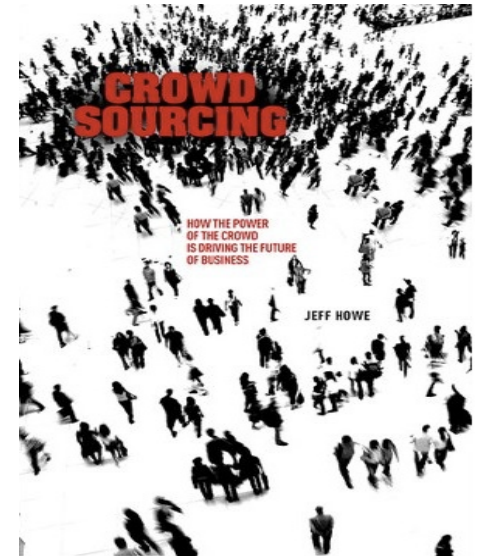
Tradition VC's - (Sequoia, Kleiner, etc)

- Help companies scale and get to profitability.
- Access to broad networks to help with hiring, sales, bizdev and other scaling functions.
- They are also experts at selling companies and raising follow-on financing.



Accelerator funds - Focus on providing partial liquidity and preparing the company for an IPO or big M&A exit.

- VC's played all of of these roles (lifecycle" investors).
- They incubated companies, provided seed financings & and later stage liquidity.
- Mostly the mentorship and angel investing roles were played by entrepreneurs who had expertise but shallow pockets and limited time and infrastructure.



Crowdsourcing

- **Crowdsourcing** is the act of outsourcing tasks, traditionally performed by an employee or contractor, to a large group of people or community (a crowd), through an open call.
- **Crowdfunding** is the raising of a small amount of risk capital from a large number of people.



Jobs! Jobs! Jobs!

Does Seed Investing REALLY Create Jobs?



Public Investment In Job Creation

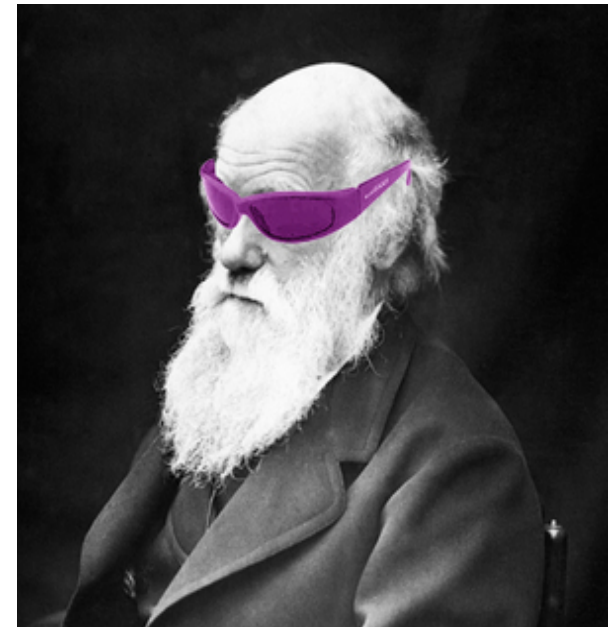
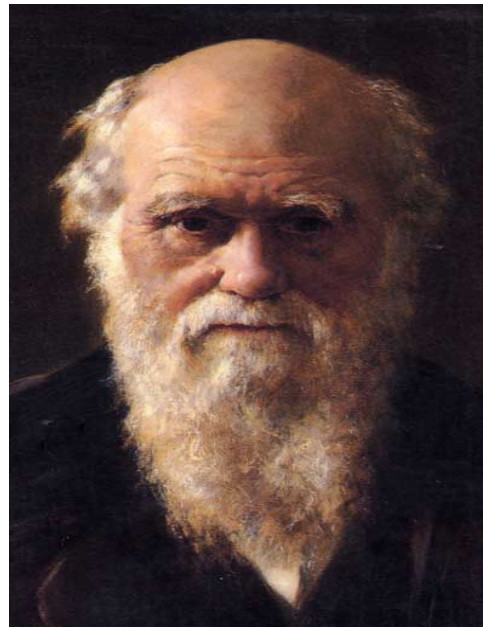
Category	CDVCA*	State of PA	State of MI	State of UTAH	Stimulus Bill
Funds Invested	\$26M	\$90M	\$291M	\$60M	\$800B
Jobs Created	3,700	8,150	28,854	2,047	1,000,000 To 4,000,000
\$ Per Job Invested	\$7,100	\$11,000	\$11,728	\$29,300	\$800,000 To \$200,000

*Community Development Venture Capital Association

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



Minnesota's Angel Tax Credit

Provides incentives to investors or investment funds that put money into startup and emerging companies focused on high technology or new proprietary technology.

- Provides a 25% individual income tax credit for qualified investors

Is refundable.

- Non-Minnesota residents (including residents of foreign countries, are eligible for the credit)
- Maximum credit of \$125,000 year/individual
- Maximum credit of \$250,000 married/filing jointly
- Funding for the years 2011-2014 is set at \$12 million per year.
- Businesses get the capital they need to grow
- Investors can manage the risk associated with investing a in new businesses or technology
- Minnesota workers and the state's economy benefit because the tax credit kick-starts emerging businesses and creates jobs.



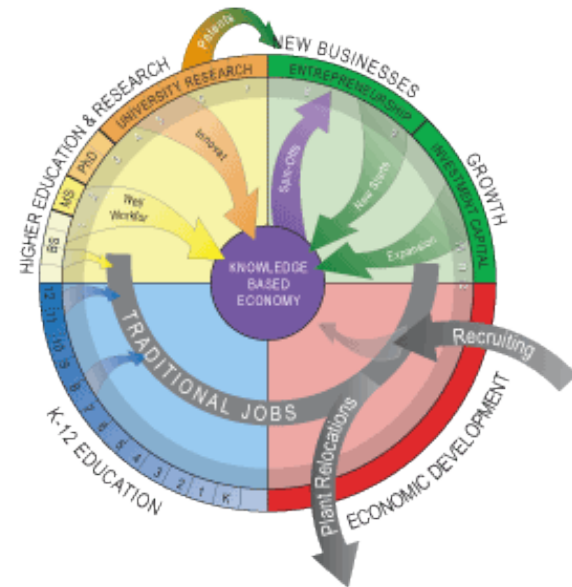
Tennessee Investco Program

- Provides no less than \$140,000,000 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
- 10 new professionally managed private sector funds
- Creates the opportunity for financial return to state government
- Access to Capital:
- A New Program..... A New Approach...



Kansas Bioscience Authority

- \$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



Pennsylvania's Sustainable Government Innovation

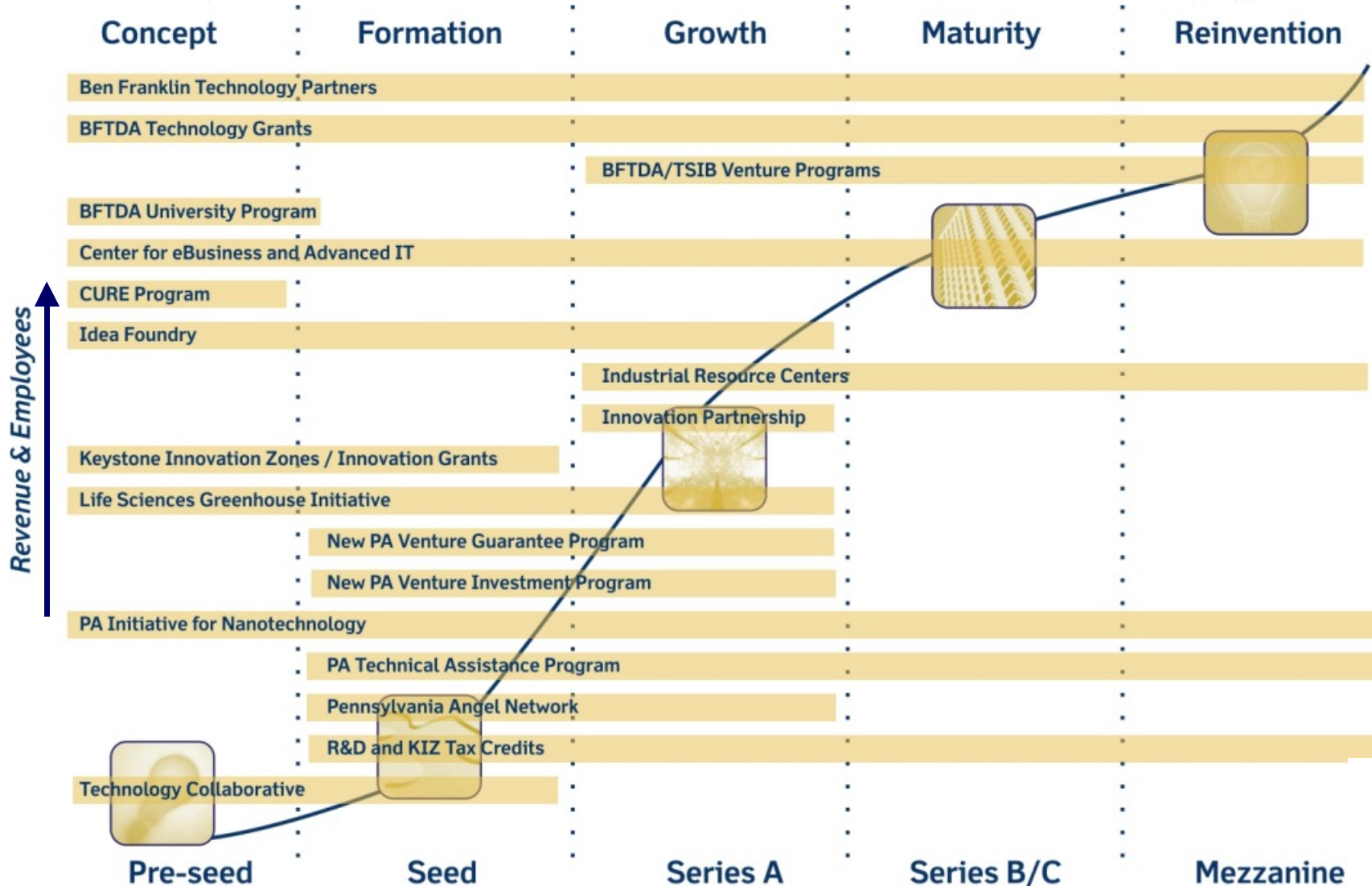
- Pennsylvania Governors Thornburgh and Ridge, as well as current Governor Ed Rendell, discuss the importance of committing to economic development through science, innovation & technology
- The governors focused on the effects that short-term decisions would have on long-term goals
- Three important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



Technology Investment

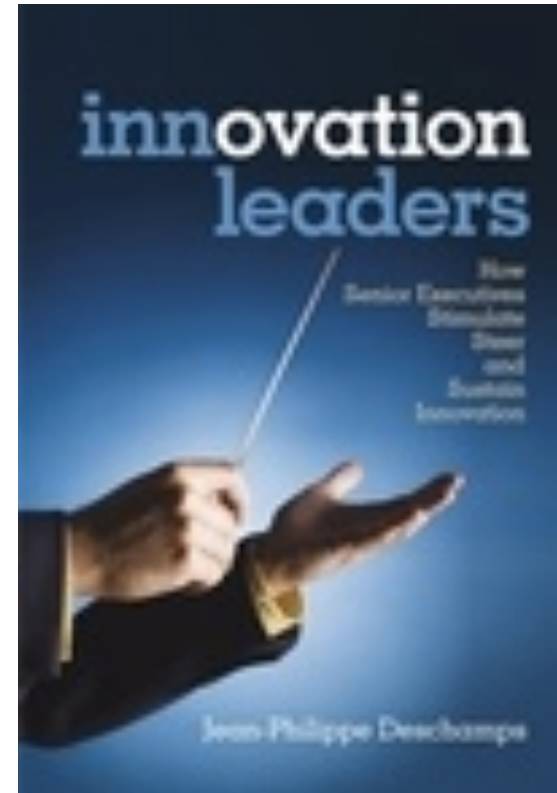
Technology-based Economic Development Tools Along the Continuum

> ready > set > succeed

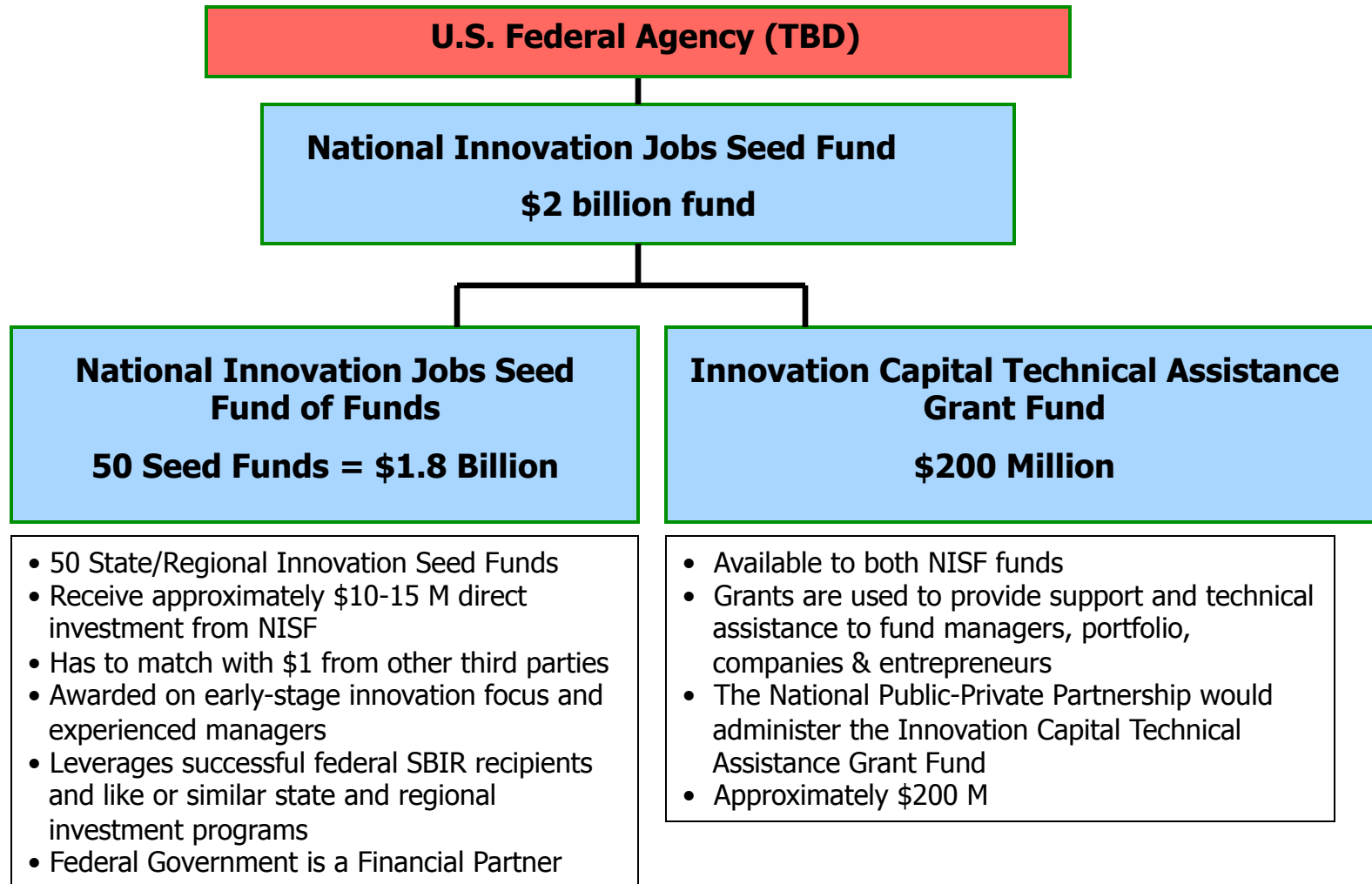


The New Tasks of Innovation Leaders

1. Be Proactive
2. Begin with the End in Mind
3. Seek First to Understand, then to Be Understood
4. Put First Things First
5. Think Win-Win, Be Inclusive
6. Synergize
7. **FOCUS**



National Innovation Jobs Seed Fund



Federal Recommendations

1. **EARLY STAGE INNOVATIVE JOBS STIMULUS FUND OF FUNDS (FOF)**
2. **REAUTHORIZATION OF THE SBIR PROGRAM/EXPAND PHASE III**
3. **TECHNOLOGY INNOVATION PROGRAM (TIP)**
4. **RE-AUTHORIZE SMALL BUSINESS INVESTMENT COMPANY PROGRAM (SBIC)**
5. **NEW NATIONAL ANGEL CAPITAL TAX CREDIT PROGRAM**
6. **RE-AUTHORIZE FEDERAL R&D TAX CREDIT PROGRAM WITH TRANSFERRABILITY OF THE EARNED TAX CREDITS**
7. **CREATE THE FIRST ELECTRONIC (WIKI) INNOVATION AND ENTREPRENEURSHIP CLEARINGHOUSE**



Treasury, SBA Host Small Business Financing Forum



U.S. Small Business Administration



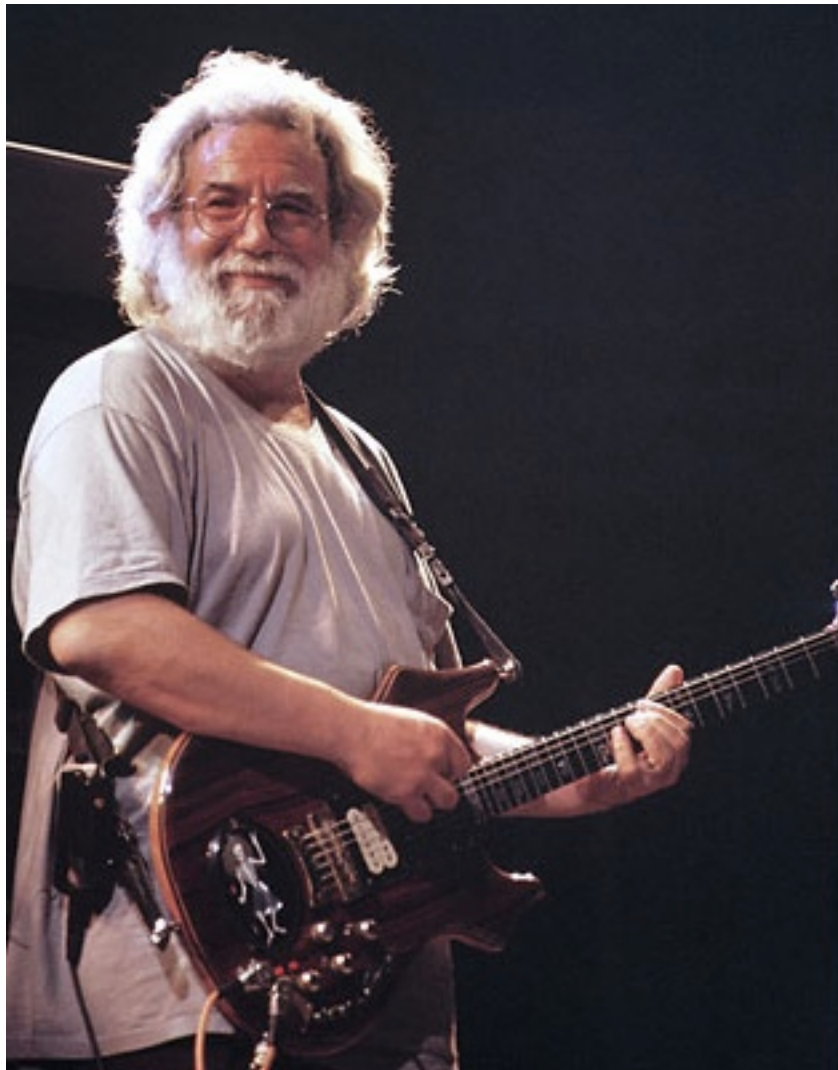
Your Small Business Resource



THE
BEST WAY TO
PREDICT
THE FUTURE
IS TO **CREATE**
IT



A Call to Action




“Somebody has to do something, and it's just incredibly pathetic that it has to be **US.**”

--Jerry Garcia of the
Grateful Dead

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National Association of Seed and Venture Funds to Host 17th Annual Conference in Baltimore

 Saturday, 09 October 2010 00:00 | Written by Administrator |  

U.S. Chief Technology Officer Aneesh Chopra to speak at "Funding Innovation: Accelerating the New Economy"

WHAT: The National Association of Seed and Venture Funds (NASVF) will host its 17th Annual Conference, "Funding Innovation: Accelerating the New Economy," October 13-15, 2010 at the Marriott Baltimore Inner Harbor at Camden Yards. Speakers include Aneesh Chopra, U.S. Chief Technology Officer, Sean Green, Associate Administrator for Investment and Special Advisor for Innovation at the U.S. Small Business Administration (SBA) and Steven D. Welch, Co-founder of Dreamit Ventures and author of "We are all Born Entrepreneurs." The Maryland Technology Development Corporation (TEDCO) is a host and major sponsor of this year's conference.



Topics Include:

- State of Investing: A Current Perspective: features industry leaders from the national and international



Top Innovation Bloggers



Rich Bendis voted as the 4th best
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Thanks to all those who voted for
Rich!

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