



Annual Report to Governor and General Assembly

November 2013



This project is funded under an agreement with the State of Tennessee. Launch Tennessee is the “doing business” name of the Tennessee Technology Development Corporation.

Dear Governor Haslam and Members of the Tennessee General Assembly:

Thank you for taking the time to read this report on the developments of TTDC d/b/a Launch Tennessee over the 2013 fiscal year period, ending June 30, 2013.

I assumed the position of President and CEO of Launch Tennessee in January, 2013. I have been fortunate to help build on what my immediate predecessors Brad Smith and Leslie Wisner-Lynch helped put in place, under the direction of Commissioner Bill Hagerty, our current Board chair. From an organizational standpoint, several new board members were installed and operating committees were put in place. In an effort to build the backbone of a true public-private partnership, these directors hail from a mix of the private sector, public sector, and academia. Management building and repositioning also took place to correctly align with the key objectives of the organization. For example, a new Director level position was created to focus on corporate outreach and connect Tennessee's established companies with Launch Tennessee's key focus areas, namely statewide entrepreneurship development, capital formation, technology commercialization and stakeholder outreach.

Many new programs were implemented over the course of the year, including a statewide Demo Day where ten companies were selected to participate in the first Master Accelerator program (The TENN) for the top graduates from the regional accelerator programs; a "Venture Match" program pairing entrepreneurs, investors and academics in different parts of the state; and a reinvigorated innovation conference called Southland that drew over 650 attendees and 250 applications from startups around the Southeast. In addition, the INCITE Co-investment fund invested over \$12 million across 26 deals during FY2013, matching over \$34 million of private investment, representing a total of approximately \$47 million of capital across 20 unique companies. In an effort to become partially self-sustaining, the organization raised \$428,000 of non-state capital during FY2013, eclipsing the goal of \$250,000 by over 170%.

We look forward to building on the momentum generated in 2013 to serve the entrepreneurs and other citizens of our great state. Your steadfast support makes each of these initiatives possible.

Sincerely,

Charlie Brock
President and CEO

TTDC d/b/a Launch Tennessee Organizational Structure

Created by the Legislature in 1998, TTDC is similar in structure to many other statewide technology-based economic development organizations in the United States. Specifically:

- TTDC d/b/a Launch Tennessee is a private, not-for-profit 501(c)(3) corporation created by the state.
- As a public/private partnership, TTDC d/b/a Launch Tennessee can enter into certain transactions that a government agency cannot, such as financially supporting private sector non-profit entities and for-profit businesses.
- The organization's governance systems (with 15 of its 22 board members appointed by government officials) and the organization's partial reliance on state funding for operations provide an effective system of checks and balances to ensure accountability to state government for its operations.

Mission

Statue defines the mission of TTDC d/b/a Launch Tennessee:

- a) To contribute to the strengthening of the economy of the state through the development of science and technology; and
- b) To promote the development of Tennessee businesses by supporting the transfer of science, technology, and quality improvement methods to private and public enterprises.

In order to clearly capture the mission of developing early stage companies across the state, Launch Tennessee developed a one-sentence mission statement that is being used in collateral materials:

"Leading statewide efforts to boost entrepreneurship, promote the commercialization of technologies, increase the flow of capital into TN-based companies and raise the state's profile."

Corporate Governance & Board Committees

Proper corporate governance and oversight at the committee and board level continue to be a priority for the organization. In addition, Launch Tennessee created operating committees to help execute against the core mission of the organization. Current leadership of these committees includes:

Executive (Core Committee) - *Chairperson:* Commissioner Bill Hagerty
Governance (Core Committee) - *Chairperson:* Commissioner Bill Hagerty
Audit (Core Committee) - *Chairperson:* Bruce Doeg
Capital Formation (Operating Committee) - *Chairperson:* Frank Williamson
Commercialization (Operating Committee) - *Chairperson:* Brian Debusk
Entrepreneurship (Operating Committee) - *Chairperson:* Marci Harris

Launch Tennessee Operations Overview & FY 2013 Highlights

This report summarizes the innovation-based initiatives that Launch Tennessee and our network of partners manage in support of the state's broader economic development agenda. The following categories represent the current focus of the organization.

1. **Entrepreneurship Development:** Nine regional entrepreneurial accelerators have been created across the state to provide Tennessee entrepreneurs with mentoring, education and training, strategic and technical support, and assistance identifying sources of capital.
2. **Capital Formation:** Launch Tennessee oversees Tennessee's \$30 million INCITE Co-investment Fund, and works to connect entrepreneurs with various capital sources including angel networks/ funds and venture capital investors.
3. **Commercialization of Technologies:** The organization has implemented SBIR and STTR support programs for early stage companies across the state and manages "venture match" programs across the state connecting entrepreneurs, investors, and academia.
4. **Outreach:** Launch Tennessee's outreach operations target both in-state and out-of-state stakeholders, including organizing activities for Global Entrepreneurship Week, sponsoring innovation-focused events across the state and positioning the organization's annual conference, Southland, as one of the top innovation conferences in the country.

Launch Tennessee is ideally positioned to support the state's innovation economy through statute established by the General Assembly and supported by state leadership. With the full support and confidence of state leadership, our organization will continue to facilitate a strong innovation economy and help make Tennessee a leading state for high-quality jobs and long-term economic prosperity.

2013 Accomplishments and Milestones Summary

During the past year, Launch Tennessee has demonstrated significant progress in advancing its core program areas of entrepreneurship development, capital formation, commercialization of technologies and outreach. Key accomplishments include:

Organization-wide

- Raised \$428,000 in an effort to become partially self-sustaining
- Developed board-level operating committees to serve as advisors on key program areas

Entrepreneurship Development

- Formulated plan for Tennessee's first statewide Demo Day and Master Accelerator Program and recruited 40 Master Mentors into this program, dubbed "the TENN"
- Regional accelerators hosted over 300 entrepreneurial events, engaged over 400 mentors and accelerated over 100 companies
- Facilitated over \$16 million in seed-capital investment to the accelerated startups

Capital Formation

- Invested over \$12 million in capital to high-growth Tennessee companies through the INCITE Co-Investment Fund
- Promoted the development of angel funds / groups across the state
- Facilitated numerous connections between entrepreneurs and investors across the state

Commercialization of Technologies

- Organized eight SBIR/STTR workshops, with over 200 attendees
- Assisted 12 companies with SBIR/STTR grant submissions, 20% success rate (1/5 reviewed by end of fiscal year)
- Hosted six Venture Match events in middle and east Tennessee to link inventors with entrepreneurs & investors
- Organized first ever Oak Ridge National Lab road show event in Chattanooga, linking entrepreneurs with lab technology
- Awarded \$80,000 competitive SBA FAST grant and received notice of additional \$95,000 in funding for next fiscal year

Outreach

- Helped organize events for Global Entrepreneurship Week (powered by the Kauffman Foundation) that resulted in over 100 entrepreneurial and innovation focused events, leading the country for events that week
- Attendance at our annual innovation conference, Southland grew to 650 attendees, which included 50 startups from 11 southeastern states, over 40 investment firms, and industry experts from around the country.
- The first annual The TENN program was announced in July
- Publishing opinion editorials and receiving media coverage in a variety of outlets including the Wall Street Journal, Pando Daily, the *major newspapers in the largest five metro areas*, the *Nashville & Memphis Business Journals*, and *Southern Alpha* to help develop and promote the entrepreneurial ecosystem in Tennessee

Entrepreneurship Development

Launch Tennessee has been working diligently with all nine regional accelerators to further enhance Governor Bill Haslam’s Jobs4TN Strategy. The accelerator programs are focused on identifying entrepreneurs, mentors and driving access to capital within their region. These are the core components needed to build a thriving entrepreneurial ecosystem to drive high-growth companies.

The accelerators range in area of focus based on the unique assets that exist in each region. Eastman Chemical Company, Oak Ridge National Laboratory, Chattanooga’s Electric Power Board, Hospital Corporation of America, UT Martin, Smith & Nephew and FedEx are just some of the assets that make each of our regions unique.

Among the highlights of this year’s accelerator programs were Demo Days that occurred in August to showcase companies that completed accelerator programs across the state during the summer.

- Memphis Bioworks ran the second ZeroTo510 accelerator program focused on medical device companies. Area venture capital firms, private sector partners and executive director Allan Daisley recruited six companies to this year’s program,. 50% of the companies received follow on funding at the conclusion of the program.
- The Entrepreneur Center in Nashville relocated offices to the Trolley Barn, a new corporate office park for tech-related companies. The EC culminated their summer “Jumpstart Foundry” program with over 500 investors, mentors and entrepreneurs in attendance at a Demo Day. The EC also announced exciting new partnerships with Healthbox, a Chicago based health tech accelerator and the Center for Non-Profit Management to launch programs focused on early stage health tech and social enterprises respectively.
- Co.Lab in Chattanooga continued to build momentum with another successful Gig Tank accelerator program focused on leveraging Chattanooga’s unique 1 Gigabit high-speed fiber Internet provided by EPB. Partnership’s with Alcatel-Lucent, Blue Cross Blue Shield and Mozilla aided in the acceleration of 7 startups and entrepreneurs from all over the world, including Bulgaria, India and the Cayman Islands.

Strong leadership of the regional accelerators is crucial. Below is a summary of the Executive Directors and locations for each accelerator:

Accelerator Name	Executive Director	Location
AccelNow	In transition	Johnson City, TN
Knoxville EC	In transition	Knoxville, TN
Company Lab	Mike Bradshaw/ Sheldon Grizzle	Chattanooga, TN
The Biz Foundry	Jeff Brown	Crossville, TN
Entrepreneur Center	Michael Burcham	Nashville, TN
SMTEC	Dan Marcum	Tullahoma, TN

NW TN EC	Carol Reed	Martin, TN
SW TN EDC	Linda Garrard	Jackson, TN
StartCo / ZeroTo510	Eric Matthews/ Allan Daisley	Memphis, TN

Capital Formation

INCITE Co-Investment Fund

The INCITE Co-Investment Fund is a venture capital program that is a key component of Governor Bill Haslam's \$50 million INCITE (Innovation, Commercialization, Investment, Technology and Entrepreneurship) initiative to raise Tennessee's profile in innovation-based economic development and increase the number of knowledge based jobs in the state of Tennessee. Designed by ECD and administered by Launch Tennessee, the Fund is backed entirely by a \$29.7 million award through the U.S. Department of Treasury's State Small Business Credit Initiative. During the Fiscal Year end 2013, the fund invested over \$12 million in capital to early-stage, high growth companies in the state of Tennessee. Funding is provided to Approved Investors and Qualified Businesses on a first-come, first-serve basis. A summary of the investment activity is listed below:

Investment Eligibility

The types of companies which Launch Tennessee's INCITE Co-Investment Fund invests in include primarily technology-enabled businesses with scalable growth profiles. These companies can be as diverse as restaurant order management systems to health care IT, such as companies which produce electronic medical records. The qualification thresholds have not been changed, namely an eligible business must receive equity or preferred equity investment of at least \$300,000 to qualify. Each of the investors must be accredited and at least one investor must have assets under management of \$15 million and a track record of investing at least \$5 million in the types of businesses that would qualify under the program guidelines, which can be found at www.LaunchTennessee.org.

Deal Volume/ Activity

During the fiscal year 2013, Launch Tennessee's INCITE Co-Investment Fund invested \$12.4 million, matching \$34.4 million of investment, representing a total of approximately \$47 million of equity and preferred equity investment in 26 deals across the state.

Fiscal Year 2013 INCITE Fund Investment Summary

Qualified Business	Sector	Lead Investor	Date Approved	Equity Investment		
				non-INCITE	INCITE	Total
TrakLok Corporation	Technology	Innova Fund II, LP	07/02/12	\$300,001	\$150,000	\$450,000
Cyber Physical Systems	Technology	Tennessee Community Ventures Fund	07/31/12	\$1,100,005	\$499,992	\$1,599,997
ProPlayerConnect.com	Digital Media	Tennessee Community Ventures Fund	08/10/12	\$299,964	\$149,982	\$449,946
American Hometown Media	Digital Media	Tennessee Angel Fund	08/09/12	\$1,189,704	\$465,997	\$1,655,701
Agilum Healthcare Intelligence	Healthcare	NEST-TN, LLC	09/17/12	\$1,000,000	\$500,000	\$1,500,000
RLCL Acquisition, LLC (Grayline)	Transportation	XMi High Growth Development Fund	09/06/12	\$2,350,875	\$700,000	\$3,050,875
Citizengine, Inc.	Digital Media	Harry Rudolf Jacobson	09/21/12	\$890,588	\$350,000	\$1,240,588
Apax Group	High Tech Equipment	NEST-TN, LLC	12/13/12	\$400,000	\$200,000	\$600,000
SecureWaters Inc.	IP Commercialization	NEST-TN, LLC	01/22/13	\$400,000	\$200,000	\$600,000
Cutting Edge Wheels	Transportation	NEST-TN, LLC	01/25/13	\$300,000	\$150,000	\$450,000
Informatics Corporation of America	Healthcare	MedCare Investment Fund IV, Ltd.	01/08/13	\$4,500,000	\$1,500,000	\$6,000,000
Streamweaver	Digital Media	Tennessee Community Ventures Fund	12/31/12	\$1,149,998	\$150,000	\$1,299,998
American Hometown Media	Digital Media	Tennessee Angel Fund	01/07/13	\$707,029	\$324,242	\$1,031,271
Aldis	Technology	Meritus Ventures, LP	03/02/13	\$300,000	\$150,000	\$450,000
American Hometown Media	Digital Media	Tennessee Angel Fund, LP	04/08/13	\$501,016	\$250,508	\$751,524
Evermind	Healthcare	Tri-Star Technology Fund, LLC	05/14/13	\$1,000,000	\$500,000	\$1,500,000
AuraMist	High Tech Equipment	Solidus Company, LP	05/14/13	\$500,000	\$250,000	\$750,000
Agilum Healthcare Intelligence	Healthcare	NEST-TN, LLC	05/14/13	\$1,000,000	\$500,000	\$1,500,000
NuScriptRx	Healthcare	Council & Enhanced	05/31/13	\$5,234,061	\$1,300,000	\$6,534,061
Pathfinder	Healthcare	Hatteras	06/06/13	\$575,000	\$287,500	\$862,500
You Science	Technology	Harding Holdings (Ingram Industries)	06/06/13	\$3,950,000	\$1,316,667	\$5,266,667
Opti-Logic	High Tech Equipment	NEST-TN, LLC	05/14/13	\$600,000	\$300,000	\$900,000
J2 Software	Technology	NEST-TN, LLC	06/17/13	\$500,000	\$98,154	\$598,154
Informatics Corporation of America	Healthcare	MedCare Investment Fund IV, Ltd.	06/27/13	\$4,500,000	\$1,500,000	\$6,000,000
Quire	Healthcare	Tri-Star Technology Fund, LLC	06/27/13	\$850,500	\$425,250	\$1,275,750
Goba	Healthcare	Tri-Star Technology Fund, LLC	06/27/13	\$300,000	\$150,000	\$450,000
Total				\$34,398,740	\$12,368,291	\$46,767,032

Current Approved Investors

Tri-Star Technology Fund, LLC	Bone Blankenship Partnership
Meritus Ventures, L. P.	MedCare Investment Fund III, Ltd.
Solidus-TNInvestco, LLC	MedCare Investment Fund IV, Ltd.
Nest-TN, LLC	Stephen Edward Young
Solidus Company, LP	Tri-Star Technology Fund II, LLC
CP Investment Partners	Scott R. Jeffery
NEST-USA, L.P.	Senior Living Acquisition Corp, LLC
Tennessee Angel Fund, LP	Limestone Fund, LLC
NCN Angel Fund I, LP	Charles Kenton Kirby
XMi High Growth Development Fund LLC	Robert Lemuel Kirby
Michael D. Shmerlings Partners G.P.	Jewell Martin Hale
Battelle Ventures, LP	Envest III, LLC
Ninth Avenue South Investments III, LLC	Burtonwood Capital, LLC
Hatteras PTI, LLC	Harding Holdings Inc.
Tennessee Community Ventures Fund LLC	JRI Ventures LLC
Legacy Investments, LLC	FCA Venture Partners, IV, LP

Landman Family Limited Partnership	Tuna Investments, L.C.
Innova Fund II, LP	Benjamin Cullen Bryant, Jr.
Joseph A. Hollingsworth, Jr.	James H. Barton Jr.
Chrysalis Ventures II, LP	T.M. Hederman Trust
Kevin Michael McNamara	William Brian Reames
Lee Daniel Hammond	Paul Gregory Hagood
Peter Samuel Brodsky	Pittco Capital Partners IV, LP
Fred Curtis Goad, Jr	Richard E. Ruth
Jimmy Dale Kever	RAG Family Trust
Germain Boniface Boer	Charles Gerber 2012 Family Trust
Herbert Allen Fritch	Christopher Michael Kelly
Lawrence L Davis	Steve Gerard Fridrich
Council Capital II, L.P.	Leon May Trust I
Council & Enhanced Tennessee Fund, LLC	Hunter Hillenmeyer
SNB Investments	Ezra Uzi Yemin
Michael Duncan Dashiff	Michael J Hills
MedCare Investment Fund V, L.P.	MGC Venture Partners 2013, L.P.
Harold Rudolf Jacobson	FCA Venture Partners V LP

Additional Investors

One of the key goals for the fund will be to attract new investors from outside of Tennessee to utilize the INCITE fund and invest in Tennessee-based companies. Launch Tennessee's annual conference, Southland, is designed to attract investors from across the country to take a look at the tremendous level of activity and opportunities for early-stage companies throughout the Southeast, including Tennessee. In order to purchase tickets and learn more about Southland 2014, please visit <http://southlandse.com/>

Commercialization Activities

Launch Tennessee has incorporated dedicated resources this past year to several elements of commercialization-related programming, including SBIR/STTR outreach and support, and entrepreneur/inventor/investor matching. These efforts continue to be in pursuit of success in four areas:

- Increasing the amount of venture capital raised by Tennessee companies;
- Increasing the number of start-ups based on intellectual property from research institutions in Tennessee;
- Increasing the number of licenses to Tennessee companies from research institutions in Tennessee; and
- Increasing the number of SBIR/STTR awards to Tennessee companies.

SBIR/STTR Support

Launch Tennessee believes that SBIR/STTR awards are an under-tapped resource for Tennessee companies. The goals in this area are to increase the total amount of SBIR/STTR funding to Tennessee companies, to increase the number of firms pursuing and winning these awards, and to support Phase I winners in becoming Phase II winners.

During the year, Launch Tennessee utilized the services of Mark Henry of Grow Emerging Companies, LLC, a nationally renowned SBIR consultant. Henry provided the following services to the Phase 0/00 program awardees:

- Identification and evaluation of potential SBIR/STTR opportunities;
- Expert proposal writing, editing, and production assistance;
- Assistance with the market research necessary to develop a compelling SBIR/STTR commercialization story for successful Phase II awards; and
- Assistance in identifying and engaging collaborators required for R&D/business credibility as well as potential Phase III private-sector partners;

Note that Mark Henry's support was provided in part by a FAST grant awarded to Launch Tennessee by the SBA.

Grow assisted twelve (12) new Phase I and two (2) new Phase II SBIR applicants (representing 12 different companies) during the year. Of these twelve applicants, nine submitted grants by the end of June 2013 to United States Department of Agriculture (USDA), Department of Defense (DOD) & National Institute of Health (NIH). The table below summarizes the results of the Launch Tennessee 2012-2013 program as of 6/30/13, with data from previous years as a benchmark.

The potential economic impact with successfully funded proposals would total approximately \$750K for Phase I (five submissions still to be reviewed) and as much as \$1.5M for the Phase II (1 submission). Given his expertise in grant writing, Jim Stefansic will continue to assist Mark

Henry in the review of two of the NIH proposals and will work more closely with companies on their grant applications in the future.

Table 1: SBIR/STTR Phase 0/00 program results in Tennessee since its inception in 2008

<u>Year</u>	<u>Number of Submissions</u>	<u>Success Rate</u>
2008-2010	≈ 30 (all Ph1)	17% (≈5/30)
2010-2011 (pilot)	18 (12 Ph1, 6 Ph2)	33% (6/18)
2011-2012	13	8% (1/13)
2012-2013	9* (8 Ph1, 1 Ph2)	20% (1/5)**

*as of end of June 2013

**note that only five (5) grants have been reviewed as of the end of the FY; one submission received a score that is "fundable" and will reapply immediately based on reviewer feedback

Note the decrease in submissions and success rate from 2011-2013. With the turnover at TTDC and interruption in funding for Mark Henry in 2011-2012, there was a gap in grant writing assistance and quality of submissions. Stefansic and the rest of the Launch Tennessee commercialization team are focused on attracting academic researchers to increase the quality and quantity of submissions (see paragraph below for details on successful outreach in May). Through plans developed in our most recent FAST grant submitted and awarded by SBA at the end of June, there will be a concerted effort to provide more advanced Phase II grant writing and commercialization assistance, in particular to support companies that need to manage their Phase I awards in order to get to Phase II and private investment. We will also focus on providing specific step-by-step "Getting Ready to Write" SBIR grant training webinars to nascent entrepreneurs through our partners at Grow Emerging Technologies, LLC. Priority will be given to women-owned, minority-owned, and rural businesses.

In late May, Launch Tennessee also hosted a series of SBIR/STTR proposal writing workshops across the state in conjunction with local partners in Jackson, Nashville, Knoxville (2), and Johnson City. Over 120 participants attended the five workshops, including 80+ from academic research institutions at Vanderbilt University and UTRF in Knoxville. In conducting two of the workshops with technology transfer offices in academia, the goal was to attract higher quality research with investigators capable of successfully writing and executing technology grant proposals. This attendance demonstrated the desire of Tennessee academic researchers to better understand how they can commercialize their technology and leverage the SBIR/STTR grant program. Henry, Stefansic, and Jill Van Beke have engaged participants to determine the readiness of their businesses for SBIR funding and offer support to assist them into the Phase 0/00 program, if applicable.

Throughout 2013, Launch Tennessee plans to continue to offer Phase 0/00 program support with Mark Henry, with the following objectives:

- Support additional proposal writing workshops across the state, with a focus on attracting participants writing more financially lucrative Phase II or Fast Track (Phase I & II combined) grant proposals;

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- Increase the number of and quality of Tennessee firms participating in the SBIR/STTR programs, with a focus on attracting early-stage companies based on academic laboratory research; and
 - Develop methods to make Launch Tennessee's SBIR/STTR support program financially sustainable within three to four years such that revenue it generates from grant writing assistance covers all of the program's costs.

Entrepreneur and Technology Matching

With the intention of strengthening the fabric of relationships among entrepreneurs, inventors and investors, Launch Tennessee developed "Venture Match." Venture Match is an opportunity for entrepreneurs and investors to engage in meaningful conversations with some of Tennessee's top innovators and explore the best emerging opportunities in order to develop new companies, create sustainable jobs, and build value for investors. These events will be held regionally throughout 2013, hosted by technology transfer offices or similar support organizations in "off-campus" locations.

The first Venture Match event took place in Nashville on April 30 at the University Club on the Vanderbilt campus and attracted approximately 50 participants. As expected, turnout was heavier on the inventor/entrepreneur side than investor side, but several angel and institutional investors from the middle Tennessee area were in attendance.

In June, a Venture Match series in East Tennessee was launched in Knoxville/Oak Ridge. The first of four programs on June 26 concentrated on energy; other events will include discussions on materials science, agriculture and software. These focus areas reflect areas of strength from ORNL and UT, as well as areas in which the private sector has expressed interest in commercialization.

The relationship aspect building of *Venture Match* will be supplemented by Launch Tennessee's outreach efforts to venture capital and private equity firms that concentrate in the state's core research competencies and the various technology transfer offices across the state.

Launch Tennessee and partner organizations also hosted an ORNL Road Show on June 19 in Chattanooga. Several technologies from the lab's computational sciences portfolio presented to an audience of over 50 participants, including GigTank accelerator teams and specialists, as well as members of the Chattanooga technology and investment communities.

Note that each of these programming components are supported by private sponsorship dollars, as well generous participation by our partners across the state.

In the future, both the Venture Match series and the Roadshow events will help the organization Launch Tennessee evaluate how best to match entrepreneurs to technologies and investors, and to incorporate those best practices into additional programming initiatives.

Outreach

The long-term goal of Launch Tennessee’s outreach plan is to position our state as the southeastern region’s #1 location for entrepreneurs, investors, and innovators. By partnering with various organizations around the state, Launch Tennessee will host or partner to create world-class events that bring together entrepreneurs, corporate leaders, researchers and investors from across the country.

Southland – “Southern Culture & Technology”

Launch Tennessee’s principal activity in its outreach business segment is the annual Southland conference that took place in June in Nashville, TN at the Cannery Ballroom. This was a revamp of the organization’s original innovation conference, which was first held in late 2008.

Southland featured venture capitalists and angel investors from across the country along with an extensive lineup of speakers and panelists with a firsthand knowledge of the power of innovation and its ability to transform a region’s ecosystem. Speakers included Sarah Lacy (Founder, PandoDaily), Mark Kuvamme (Founder, Drive Capital), KC Estenson (SVP & GM, CNN Digital), Ali Partovi (Co-Founder, Code.org), Dan Pelino (GM, IBM Healthcare) as well as many others.

Other key elements of the inaugural Southland were:

- Southland Village featuring 50 high-growth startups from the Southeast
- 80 Early-stage investors from around the U.S.
- Thought leaders in health care, technology and media discussing emerging trends
- Wednesday evening entertainment featuring a 2013 Bonnaroo artist
- “Makers Marketplace” of southern culture featuring local musicians, BBQ pit-masters and southern artisans

Sponsored Events / Global Entrepreneurship Week

As part of the new Launch Tennessee five-year strategic plan, the organization began an aggressive in-state outreach program. By partnering with various organizations around the state, Launch Tennessee hosted or partnered to create world-class events that brought together entrepreneurs, corporate leaders, researchers and investors from across the country. Sponsored events included but are not limited to the following:

- **Life Sciences Tennessee Annual Conference:** Life Science Tennessee hosted its 2013 Annual Conference featuring national and state speakers from the drug discovery, medical device, diagnostics, biologics, bio-agriculture and venture capital industries.
- **KEEN Digital Media Summit:** Keeping Entrepreneurs Engaged and Networking—convened an eclectic and exciting group of top digital tastemakers, leaders, founders and innovators all under one roof from October 24 to 27, 2013 for a three-day B2B and B2C event and expo. This inaugural conference in Nashville welcomed social influencers, journalists, editors, developers, start-ups, small businesses and Fortune 500 brands to

come meet, collaborate, and learn about innovative technologies and new platforms in the areas of travel, technology, food and spirits, family and entertainment.

- **Launch Chattanooga (Minority Teen Program):** Beginning in 2011, LC focuses on identifying and supporting entrepreneurs from underserved communities. This is done through a 10-week business planning course, mentoring, coaching and connection to many resources that are instrumental in starting a business. LAUNCH walks through the start-up phase with entrepreneurs, helping them navigate their first steps and supporting them at every turn.
- **Global South Summit:** The Summit is an annual C-level leadership event held in Nashville, Tennessee to address major innovation-base opportunities that create abundance. The inaugural event was held November 13-14, 2012. Its focus was on healthcare and food innovations. Senior-level participants include business leaders, research scientists, global agencies, NGO directors, committees and Summit Fellows.

Global Entrepreneurship Week took place Nov. 12-18, 2012. This Kauffman Foundation initiative takes place across six continents and is designed to inspire people to embrace innovation, imagination and creativity. Launch Tennessee worked with several organizations across the state to bring together resources for over 100 events that took place all across our state. Tennessee was the #1 state for participation in GEW 2012.

Marketing & Communications Strategy

Launch Tennessee's continued marketing and communications goal is to create a steady drumbeat of positive news stories, case studies and data to help further Tennessee's entrepreneurial ecosystem and position Tennessee as the leading state for entrepreneurs and innovation in the Southeast. Launch Tennessee's media strategy is multi-faceted, robust and proactive. Some of our specifically audiences and communication goals include:

- In-state Stakeholders: Building relevance and engagement among key stakeholders across the state including inventors, investors and entrepreneurs.
- Out-of-State Stakeholders: Marketing to potential investors, startups and stakeholders outside of Tennessee with the five-year goal of Tennessee being perceived as equal to or stronger than Austin and North Carolina's Research Triangle as an innovation and entrepreneurial hub.
- Industry: Strategically targeting key industry partners in the state to further engage them in the state's entrepreneurial and commercialization efforts.
- Data: Developing a baseline of statistics and data that illustrate why Tennessee is a great place to start and grow a business.

Websites

The organization worked with various developers to develop and launch dynamic and innovative websites for Southland (www.SouthlandSE.com) and The TENN (<http://thetenn.org>). Currently we are overhauling the corporate website (www.LaunchTennessee.org) to streamline program offerings and user interface.

Launch Tennessee Organizational Structure

Board of Directors

Launch Tennessee is governed by a 22-person board of directors. By design and law, 14 of the board members are to be appointed from the private sector – three are appointed by the governor, two each by the speaker of the house and the speaker of the senate, and seven by the Launch Tennessee board. Seven board members are to be appointed from the public sector – three by the governor and two each by the speaker of the house and the speaker of the senate. Of these board members, one of the governor’s appointees is to be selected from a slate of three candidates provided by the Tennessee Municipal League or the Tennessee County Services Association. Mayor Tom Beehan of Oak Ridge currently fills this seat on the board.

Bill Hagerty, Commissioner of the Tennessee Department of Economic and Community Development, was elected chair of the board by members present at the August 19, 2011, board meeting and was subsequently approved by unanimous consent by all active board members. Dr. Bill Evans is immediate past-chair and remains a member of the board.

The board consists of various subcommittees, including:

Executive (*Chairperson:* Commissioner Bill Hagerty)

Governance (*Chairperson:* Commissioner Bill Hagerty)

Audit (*Chairperson:* Bruce Doeg)

Capital Formation (*Chairperson:* Frank Williamson)

Commercialization (*Chairperson:* Brian Debusk)

Entrepreneurship (*Chairperson:* Marci Harris)

Launch Tennessee Board of Directors, as of November 1, 2013:

TTDC dba Launch Tennessee Board of Directors				
Board Member	Appointer	Sector	Term	Expiration
Rep. Craig Fitzhugh	Governor	Public	2 year initial; 4 year thereafter	6/30/2017
Laura Whitsett	Governor	Private	2 year initial; 4 year thereafter	6/30/2014
Thom Mason	Governor	Public	3 year initial; 4 year thereafter	6/30/2015
Stuart McWhorter	Governor	Private	3 year initial; 4 year thereafter	6/30/2015
Thom BeeHan	Governor	Public	4 year initial; 4 year thereafter	6/30/2015
Richard Smith	Governor	Private	4 year initial; 4 year thereafter	6/30/2016
Rep. Mark White	Speaker of the House	Public	2 year initial; 4 year thereafter	6/30/2015
Bill Evans	Speaker of the House	Private	2 year initial; 4 year thereafter	6/30/2015
David Milhorn	Speaker of the House	Public	3 year initial; 4 year thereafter	6/30/2015
Brian DeBusk	Speaker of the House	Private	4 year initial; 4 year thereafter	6/30/2016
Sen. Mark Norris	Speaker of the Senate	Public	2 year initial; 4 year thereafter	6/30/2015
A.J. Bahou	Speaker of the Senate	Private	2 year initial; 4 year thereafter	6/30/2015
Greg Nelson	Speaker of the Senate	Private	3 year initial; 4 year thereafter	6/30/2015
Brian Noland	Speaker of the Senate	Public	4 year initial; 4 year thereafter	6/30/2016
David Owens	Launch Tennessee BoD	Private	2 year initial; 4 year thereafter	6/30/2014
Jim Philips	Launch Tennessee BoD	Private	2 year initial; 4 year thereafter	6/30/2014
Andrew Seamons	Launch Tennessee BoD	Private	2 year initial; 4 year thereafter	6/30/2017
Bruce Doeg	Launch Tennessee BoD	Private	3 year initial; 4 year thereafter	6/30/2017
Alan Bentley	Launch Tennessee BoD	Private	3 year initial; 4 year thereafter	6/30/2015
Marci Harris	Launch Tennessee BoD	Private	4 year initial; 4 year thereafter	6/30/2016
Frank Williamson	Launch Tennessee BoD	Private	4 year initial; 4 year thereafter	6/30/2016
Bill Hagerty	ex-Officio	n/a	By virtue of Office	n/a



Management Team

The Launch Tennessee N team is well positioned to support the state's innovation initiatives especially when coupled with the expertise of a very strong board of directors. Below are snapshots of the entire management team as of the end of FY2013:



Charlie Brock
CEO & President

Serving as Launch Tennessee's new President & CEO is Charlie Brock. In 1998, Brock helped establish Foxmark Media, which became one of the nation's leading mall advertising companies. As the CEO and largest shareholder, he structured two rounds of private financing before selling the company in 2006 to Australia-based EYE Corp., one of the world's leading out-of-home media companies. After selling Foxmark, Brock helped launch FourBridges Capital Advisors, a lower-middle market investment bank based in Chattanooga where Brock served as Managing Director. Brock most recently served as a general partner of the Chattanooga Renaissance Fund, a Chattanooga-based angel investment group, and as the CEO of CO.LAB, a Chattanooga accelerator that provides advice and mentoring services to entrepreneurs and runs the summer Gig Tank program. Brock is an organizer and director of CapitalMark Bank and Trust in Chattanooga and also serves as a director of The Dixie Group and Park Media Software.



Patricia Beavers
Finance Director

Patricia has over sixteen years of government and non-profit accounting, contracts, budgeting, management, and administration experience. She joins Launch Tennessee from the Tennessee Department of Health, where she had management responsibility over multiple programs. Patricia is pursuing a doctorate in Health Care Administration and holds an MBA and BBA in Accounting.



Jason Denenberg

Entrepreneurship Director

Jason coordinates efforts across the nine regional accelerators throughout Tennessee and focuses on driving entrepreneurial activity while building access to private capital for each region. Jason was formerly a Partner at Angel Capital Group where he led efforts to collaborate with entrepreneurs and investors to fund early-stage high-growth investment opportunities. Prior to his tenure at ACG, Jason spent five years as a financial advisor, managing client portfolios at Morgan Stanley Smith Barney.



Jim Stefansic

Director of Commercialization

Jim previously served as Chief Operating Officer at Pathfinder Therapeutics, Inc., a medical device company he co-founded. He was instrumental in helping the company raise over \$17 million in both venture capital and SBIR funding. He was involved in every facet of the business, from investor road shows, R&D and clinical trials, regulatory approval, business development, financial management, pricing, and commercialization. Jim received his PhD in Biomedical Engineering from Vanderbilt University and his MBA from Belmont University.



Jill Van Beke

Director of Corporate Engagement

Jill most recently served as a Business Development Consultant at the Tennessee Department of Economic and Community Development, focusing on Innovation and Workforce Development-related initiatives in the East Region. Jill graduated from Columbia University with a degree in Urban Studies and concentrations in Economics and Anthropology.



Andrew Hogin

Director of Outreach

Andrew previously served as legislative liaison for the Tennessee Department of Economic and Community Development. Prior to that role, Andrew served as Field Director for Governor Bill Haslam, helping plan and organize all of the Governor's events across the state both during the gubernatorial campaign and the Governor's first year in office. Andrew is a graduate of the University of Tennessee.



Courtney Corlew

Director of Communications

Courtney is responsible for leading Launch Tennessee's communications efforts. Prior to joining Launch Tennessee, Courtney worked as an Account Supervisor for Athlon Sports Communications, which specializes in sports marketing, and as the Community Relations

Director for Primary Care & Hope Clinic in Murfreesboro. Courtney graduated from Middle Tennessee State University with a B.S. in Communications.



Henry Gindt
Director of Operations

Henry most recently oversaw the TNInvestco venture capital program at the Tennessee Department of Economic and Community Development. Prior to his work at ECD, Henry worked at both Evercore Partners and Ondra Partners, two investment-banking firms in New York City. Henry graduated cum laude from the Wharton School at the University of Pennsylvania.

Financial & Sustainability Highlights – FY2013

Financial Status

Total assets increased to \$20.7 million from \$9.8 million the previous year due to an advance of \$9.5 million from the State of Tennessee that was reserved for venture capital equity investments as part of Launch Tennessee’s contract to serve as Administrator for the INCITE Co- Investment Fund (the “Fund”). Launch Tennessee ended the fiscal year with \$7.0 million in cash and cash equivalents compared to \$5.7 million the prior year. Funds due from the Tennessee Department of Economic and Community Development increased to \$984,000 from \$150,000 the prior year. This amount reflects authorized, reimbursable expenses under Launch Tennessee’s reimbursement grant with the State of Tennessee and our contract to administer the INCITE Co-Investment Fund. Other current assets increased to \$185,000 from \$15,000 the prior year and were comprised of accounts receivable related to grants and miscellaneous receivables.

Total liabilities and deferred inflows of resources increased to \$20.1 million from \$9.5 million the prior year due to, as previously noted, funds related to Launch Tennessee’s contract as Administrator of the INCITE Co-Investment Fund.

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Sustainability Status

As a part of the contract with the Tennessee Department of Economic and Community Development, Launch Tennessee must raise outside funding each fiscal year in an effort to become partially self-sustaining. During FY2013, Launch Tennessee exceeded its fundraising goal by over 170%. The details of the funding sources are listed below:

Private Sector Cash Support			
Source	Amount	Program Division	Purpose
Blackstone Grant I	\$100,000	Entrepreneurship	Grant to support "Tennessee Top Ten"
Small Business Administration	\$80,000	Commercialization	Grant for SBIR / STTR support services
Oak Ridge National Lab	\$50,000	Commercialization	Reimbursable grant for LaunchTN staff member
University of Tennessee	\$50,000	Commercialization	Reimbursable grant for LaunchTN staff member
Nashville Chamber	\$50,000	Outreach	Southland conference sponsorship
Nissan	\$25,000	Outreach	Southland conference sponsorship
First Tennessee Bank	\$10,000	Outreach	Southland conference sponsorship
Baker Donelson	\$10,000	Outreach	Southland conference sponsorship
Write2Market	\$5,000	Outreach	Southland conference sponsorship
TriStar Ventures	\$5,000	Outreach	Southland conference sponsorship
NEST-TN / autoXLR8R	\$5,000	Outreach	Southland conference sponsorship
Butler Snow	\$5,000	Outreach	Southland conference sponsorship
Oak Ridge National Lab	\$4,500	Outreach	Southland conference sponsorship
Nashville Capital Network	\$2,500	Outreach	Southland conference sponsorship
Shareholder InSite	\$2,500	Outreach	Southland conference sponsorship
Clayton Associates	\$2,500	Outreach	Southland conference sponsorship
Nashville Health Care Council	\$2,500	Outreach	Southland conference sponsorship
Meritus Ventures	\$2,500	Outreach	Southland conference sponsorship
The Buffkin Group	\$2,500	Outreach	Southland conference sponsorship
Advanced Catheter Therapies	\$1,500	Outreach	Southland conference sponsorship
Solidus	\$1,500	Outreach	Southland conference sponsorship
Mountain Group Capital	\$1,500	Outreach	Southland conference sponsorship
Bradley Arant Boulton Cummings LLP	\$1,500	Outreach	Southland conference sponsorship
Bradley Arant Boulton Cummings LLP	\$2,500	Commercialization	Support costs of Nashville Venture Match
Bass, Berry & Sims PLC	\$2,500	Commercialization	Support costs of Knoxville Venture Match
Miller & Martin PLLC	\$2,500	Commercialization	Support costs of ORNL Road Show
Total FY2013 Funds Raised \$428,000			
FY2013 Goal \$250,000			
Capital Raised/ Goal 171%			
Private Sector In-Kind Support			
Source	Amount	Program Division	Purpose
American Airlines	\$5,000	Outreach	Airlines tickets for Southland conference
Gray Line	\$3,180	Outreach	Shuttles for Southland conference
Lightning 100	\$2,500	Outreach	Support costs for Southland marketing
LBMC/ Southern Alpha	\$2,500	Outreach	Support costs of Southland affiliated event
Other In-Kind Support \$13,180			