Launch Tennessee
FY2017 Annual Report
Dear Governor Haslam, Members of the Tennessee General Assembly and other stakeholders across the state,

June 1, 2017 marked the fifth anniversary of Launch Tennessee’s assuming the charter and organizational structure of TTDC. It’s been a productive five years, and this annual report highlights our key achievements and the entrepreneurs who have benefitted from our work. I want to note just a few of them here, including:

» More than 1,750 new jobs created from companies receiving support from our statewide network of Entrepreneur Centers; our Networks program providing mentorship to early innovators in life science and energy; and investment from our Incite Co-Investment Fund.

» 65% increase in early-stage capital investment, from $251M in 2012 to $413M in 2016. At our inception in 2012, we set a goal of $1B in capital investment by 2016; we exceeded this goal a year early. Over the next five years, we’re targeting $2.5B in early-stage investment.

» Representation in our programming of a diverse group of entrepreneurs, innovators and students, including 84% of our 95 counties. In 2017 alone, we served 2,350 female and 915 minority participants.

» Development of the Southeast’s leading entrepreneur-investor conference, 36|86. During the five years of 36|86, we have hosted more than 500 investors, featured 150 of the region’s top startups, opened the stage to the nation’s leading innovators and facilitated hundreds of connections leading to more capital, jobs and commercialization of research. 36|86 has been instrumental in establishing Tennessee as a national leader in entrepreneurship.
We highlight many other entrepreneur-driven achievements in this report. We have built a maturing entrepreneurial ecosystem, and we will continue to work every day to evolve and to strengthen it. In fact, our vision is to celebrate our ten-year anniversary in 2022 by proclaiming *Tennessee as the Most Startup-Friendly State in the Country.*

We have an ambitious list of initiatives to achieve this vision, and we know that working together statewide, in true “Volunteer” fashion, is the smartest path to success. In doing so, we will help thousands of entrepreneurs, innovators and researchers realize their dreams, leading to stronger communities across our great state.

We thank you for your support and your collaboration over the past five years, and we look forward to working together to achieve our 2022 vision.

*CEO & President*
Launch Tennessee’s goal is to make Tennessee the most startup-friendly state in the country.
“Launch Tennessee is another piece in our plan to make Tennessee the number one location in the Southeast for high-quality jobs.

This initiative will help set Tennessee apart as a state where entrepreneurship and innovation are valued as key economic development tools.”

– Governor Bill Haslam
About Launch Tennessee

Launch Tennessee is a public-private organization that fosters entrepreneurship, with the goal of making Tennessee the most startup-friendly state in the country. We create collaboration among entrepreneurs, the private sector, capital sources and other stakeholders necessary for growing new businesses.

As of 6/30/17, we and our six regional Entrepreneur Centers have touched 8,280 entrepreneurs and startups statewide, with entrepreneurship programming in 84% of Tennessee’s 95 counties. By partnering with these ECs across the state, Launch Tennessee connects founders with the entrepreneurship curriculum, mentors, technology skills development, customers and capital they need to build the companies of tomorrow.

Financial Health

At Launch Tennessee, we believe:

In an entrepreneurial approach.

Collaboration is the key to success.

Innovation and entrepreneurship are transformational.

In being driven to serve.

Enjoying the ride is essential.

72¢ of every $1 goes to program-related expenses

501c3 Nonprofit

Supported by State, Federal and privately raised funds

52% of program dollars go to a partner for entrepreneur support
Entrepreneurship Programs

Launch Tennessee offers programs for entrepreneurs and engages in activities that directly impact capital formation, which are crucial components for developing a strong startup ecosystem.

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In 2017 we hosted our fifth conference, attracting more than 1,000 attendees from the Southeast and across the country.
36 | 86 Entrepreneurship + Technology Conference

*LaunchTN supports high-growth-potential startups from ideation to exit in capital formation*, talent development/retention, access to markets and commercialization in an effort to become the most startup-friendly state in the country.

To support this mission and to reinforce our regional position of thought leadership, LaunchTN produces an annual event, 36|86 Entrepreneurship + Technology Conference, for founders, investors and entrepreneurship thought leaders. In 2017 we hosted our fifth conference, attracting more than 1,000 attendees from the Southeast and across the country.

The agenda featured decision-makers from Fortune 500 companies, global tech titans and high-growth start-up successes, such as Steve Case, Walmart CTO Jeremy King, Sen. Bill Frist, MD and FedEx CEO Fred Smith.

To reach what we classify as an untapped audience, we created 36|86: Student Edition, which featured 12 student-led startups from 13 Tennessee universities pitching for a chance at $60,000 and mentorship with experts in their field.

“**Participating in 36|86: Student Edition helped move our business forward!** The panelists and attendees we pitched to offered helpful feedback that allowed us to refine our business model. Also, this program **plugged us into the LaunchTN network.** The mentors that we were connected with are experienced veterans, and they **have helped with our go-to-market strategy and connecting us with potential first adopters.**”

– Sinead Miller, CEO of PATH EX
Grand Prize Student Edition Winner
They pitched for a chance at $50,000 and participated in speed-dating sessions with the 168 investors in attendance. These 36 startups represented 9 states and Washington, DC; and 19 of the founding teams (or 53%) included women, veterans and other traditionally underrepresented demographics.

36|86 also hosted a high-growth pitch competition, featuring 36 of the Southeast’s most promising startups.

In the past five years, the companies pitching in this annual competition have raised $196M in investment capital (as of 8/14/17).
“Pitching on stage and becoming a top-five finalist exposed us to a variety of investors, media and sales leads that we otherwise would not have had. We have already begun due diligence with a fund that approached us after seeing our pitch at 36|86.”

– Traci Snowden, CEO of Apto
Village 36 participant
The 2016 TENN cohort was comprised of 8 companies from across the state, 4 of which were led by female founders.
The TENN Master Accelerator

The TENN Master Accelerator, open to startups who participated in any Launch Tennessee or partner programming, propels promising companies to their next milestones through focused mentorship, needs-based curriculum and investor introductions across the state, region and country. The 2016 TENN cohort was comprised of 8 companies from across the state, 4 of which were led by female founders. For FY ’18, the accelerator will evolve into a more customized, year-long initiative supporting high-growth-potential companies.

“Participating in The TENN Master Accelerator opened up new funding connections and opportunities. Recently, we received a LaunchTN Microgrant to outsource grant writing support for our SBIR application, giving us bandwidth to focus on commercializing our product. Overall, The TENN was a beneficial experience that helped develop our business and us personally as leaders.”

– Kayla Rodriguez Graff
COO and Co-founder of SweetBio

$10M+ in grants and equity raised by 2016 TENN class

roadshow attendees: 500

30+ investor connections made by LaunchTN
The INCITE Co-Investment Fund is a component of Gov. Bill Haslam’s INCITE initiative to drive growth and create knowledge-based jobs by encouraging investment in small businesses.

Administered by Launch Tennessee, the Fund matches a portion of investments in Tennessee-based companies.

It was created in 2011 using $28.8M of federal funding awarded under the State Small Business Credit Initiative. To date, all $28.8M has been invested, leveraging $87.8M in private capital. An additional $58M in follow-on capital has been invested, for a total of $175M to Tennessee companies.
“Launch Tennessee programs like GigTank, The TENN and INCITE supported us in the early days and have helped catapult us into the global spotlight. The new SBIR grant matching program will be integral to our continued R&D efforts.”

– Platt Boyd
CEO of Branch Technology
Impact Fund

Launch Tennessee established the $1.7M Impact Fund in 2017 to invest in startups solving social, environmental and economic problems. It will focus on for-profit ventures with double bottom lines in agriculture, healthcare, sustainable living, education, clean energy and financial inclusion. The Impact Fund will make roughly 20 seed-stage investments at $50,000-$150,000 each. Investments will match private dollars at 25%, incentivizing private support of early-stage, mission-driven Tennessee companies.

Creative Communities

Creative Communities is a grant-making initiative that fosters entrepreneurship in underserved areas and demographics by providing funding for skills-development program costs. For FY ’18, this initiative will evolve into Discover Entrepreneurship Grants, which support high-growth-potential startups in rural and underserved communities.
Angel Tax Credit

The Angel Tax Credit, up to $50,000, is applied to the Hall Income Tax liabilities of those who invest in pre-qualified startups. By incentivizing participation from new angel investors and continuing momentum for existing angels, the credit creates more financing options for entrepreneurs.

BY THE NUMBERS

- **$1.1M+** in tax credit issued
- **$4,168,333** of qualified investment
- **45** Investments approved
- **36** Companies Approved
- **41 unique investors**
- **25%** are new angel investors
The Networks

The Networks program supports entrepreneurs in industry verticals core to the Tennessee economy by pairing startups with mentors and offering highly specialized panel-based curriculum. Life Science Tennessee (LST) and the Tennessee Advanced Energy Business Council (TAEBC) have built a pool of experts with executive experience and subject-matter expertise to mentor entrepreneurs. Through completion of a stage-gate curriculum, Tennessee's life sciences and energy entrepreneurs are positioned to raise capital, win grant awards and scale their company. The Networks also provide unique access to industry-specific research assets, subject-matter experts and Launch Tennessee's growth-stage programming.

THE NETWORKS
BY THE NUMBERS

80+ Mentors

30 Companies engaged

$14M Investment capital raised by The Networks Companies
Launch Tennessee developed and funded the Small Business Innovation Research / Small Business Technology Transfer Matching Fund to advance commercialization efforts in the state by matching funding awarded to Tennessee-based companies through SBIR and STTR applications. This funding is available for entrepreneurs, startups, and small businesses commercializing technology.

**RESEARCH-BASED INNOVATION PROGRAMS BY THE NUMBERS**

- $10.3M SBIR funds awarded to Tennessee companies
- $8M+ SBIR funds matched
- 11 SBIR Match Fund winners from 5 cities

“The SBIR Match is a great way for companies to invest in hiring more people without doing additional rounds of lengthy federal grant review processes. It is an efficient way for the state to leverage federal grant reviewers’ technical and market feasibility for companies across the state.”

– Sarah Bellos
CEO and founder of Stony Creek Colors

Photo by Gina Binkley
Launch Tennessee fulfills its mission through close coordination with six regional Entrepreneur Centers and organizations that take an entrepreneur-focused approach within industry. Notable partnerships include those with Life Science Tennessee, the Tennessee Advanced Energy Business Council and AgLaunch, which focuses on entrepreneurship in the agriculture industry. Working with these partners, Launch Tennessee served 8,072 companies, led to the creation of 968 jobs and contributed to 1,927 entrepreneurship events. More than two dozen companies have benefited from the Life Science and Advanced Energy Networks, leading to capital raises exceeding $14M.
Entrepreneur Centers

Launch Tennessee supports regional Entrepreneur Centers that provide curriculum, mentorship and other support to entrepreneurs working to launch and build their businesses. We leverage our unique network of regional Entrepreneur Centers to connect startups with the mentors and investors they need to move from concept to market. Our ECs are public-private partnerships with a roster of high-performing success stories. Stony Creek Colors, for example, worked with our Entrepreneur Center network, which made it eligible to participate in The TENN Master Accelerator and in Village 36 at 36|86.

Each Entrepreneur Center offers access to thought leaders, such as:

» Entrepreneurs who have launched successful companies
» Researchers who have taken a product or idea to patent, or to market
» Investors who have funded startups
» Mentors who can coach new talent on the do’s and don’ts of business
“Our Mobile Innovation Lab offers a glimpse of the highly interactive resources available at theCO and beyond. We look forward to touring with it more in the coming months. We’ve visited colleges in our area and the ‘CO:mobile’ has been an awesome tool for connecting with potential college entrepreneurs.”

– Lisa Garner
Executive Director of theCO (Jackson)
Launch Tennessee
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*Emeritus