Launch Tennessee
FY2018 Annual Report
Dear Governor Haslam, Members of the Tennessee General Assembly and other Stakeholders across the state, As I wrap up my nearly six-year tenure as President & CEO of Launch Tennessee (LaunchTN), I would like to suggest that while there has never been a better time to be an entrepreneur in Tennessee, the immense challenges of starting and growing a business remain. There is significantly more work to be done to achieve our vision to make Tennessee the most startup-friendly state in the nation.

Over the last six years, LaunchTN and our partners have put in place an enviable infrastructure to support entrepreneurs. We now have the country’s most collaborative statewide network whose goal is to increase the availability of, and access to, resources for entrepreneurs in Tennessee, regardless of their geography, background, or demographic profile. However, we are still at a distinct disadvantage versus many states in that, in most areas of the state, we lack density of two of the most critical resources: capital and talent.

The new five-year strategic plan that was approved by the LaunchTN board in July calls for a marked increase in capital and suggests using state dollars...
to match funds for local community capital initiatives. In 2018, we launched our own Impact Fund, investing in double bottom line businesses that are creating jobs while addressing social, environmental, or economic challenges. We want to build on this fund and expand the capital pool for entrepreneurs whose businesses will likely never qualify for outside angel or venture funding.

To help fill the gap in technology talent across most parts of our state, our plan calls for increased programming to develop, retain, and recruit individuals to fill the growing number of job opportunities in high-growth tech companies.

Adding to the infrastructure, connecting more nodes across the network, and increasing sources of early-stage capital are key drivers for Tennessee to lead—and succeed—in building a world-class entrepreneurial ecosystem.

Enlisting the engagement of Tennessee’s most successful corporations is another key to our plan’s success. In 2018, we introduced LEAP (Local Executive Access Program), whose goal is to create more customer connections for our startups, providing revenues for the startups and bringing new innovation sources to corporations.

Speaking of innovation, we are extremely excited about our recent progress in commercialization. The SBIR/STTR Matching Fund that the administration and legislature have approved each of the past two years has led to increased applications, approvals, and fundings for some of our greatest innovators, many of whom are licensing technology from in-state research institutions. We provide a continuum of support for innovators in important industries such as life science and energy, from grant writing to capital to ongoing mentorship. We want to build on this momentum and market demand by expanding programming and capital so that additional innovations are brought to market.

Finally, through the efforts of LaunchTN and our many partners, Tennessee’s entrepreneurial prowess continues to grow in reputation and stature across the country. As evidence of this, we had over 1,200 attendees at our recent 36|86 Entrepreneurship Festival, drawing from 33 states and including nearly 200 investors. Tennessee was also honored in May as renowned entrepreneur Steve Case and his “Rise of the Rest’ tour came to both Memphis and Chattanooga. Over the past five years, the “Rise of the Rest” tour, meant to shine a light on emerging startup ecosystems, has been to 37 cities. Tennessee leads the country in the number of cities on this list, as they also came to Nashville on their inaugural tour in 2014. Also in 2018, LaunchTN received a coveted $300,000 grant from Kauffman Foundation, one of five winners nationwide, highlighting some of the best examples of public-private support for entrepreneurial development.

In summary, as I depart as CEO, I am extremely grateful for your support that helped make this progress possible. However, I also urge the administration and legislature to support our ambition to “double down” on the work that’s been done. Adding to the infrastructure, connecting more nodes across the network, and increasing sources of early-stage capital are key drivers for Tennessee to lead—and succeed—in building a world-class entrepreneurial ecosystem.

Thank you and I hope you enjoy reading this year’s annual report.

[Signature]
Launch Tennessee’s goal is to make Tennessee the most startup-friendly state in the nation.
Launch Tennessee is another piece in our plan to make Tennessee the No. 1 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 nation. We create collaboration among entrepreneurs, the private sector, capital sources and other stakeholders necessary for growing new businesses.

Financial Health

Launch Tennessee funds 27 partners across the state.

68¢ of every $1 goes to program-related expenses.

501c3 Nonprofit

Supported by State, Federal and privately raised funds.

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
5-Year Strategic Plan

At the July 2018 board meeting, LaunchTN staff presented a new 5 year strategic plan that was later adopted by the Board of Directors. This plan aims to achieve LaunchTN’s vision of making Tennessee the most startup-friendly state in the nation by focusing on five core elements of entrepreneurship:

- **Capital** — Engage angel, venture and corporate venture money from across the state, region and country; and provide access to alternative funding sources to serve entrepreneurs who don’t follow the traditional venture model

- **Market Access** — Establish commercial programs that match startups with private-sector businesses willing to be early adopters and first customers

- **Commercialization** — Offer resources to facilitate the commercialization of life-changing and life-saving institutional research into startups

- **Talent** — Create a pipeline to develop, recruit and retain best-in-class tech, sales and business talent

- **Environment** — Reinforce Tennessee’s business-friendly reputation by advocating for policies that support startups and strengthen the entrepreneurial ecosystem

The Strategic Plan was a 6 month effort by LaunchTN staff, board and working group committee members who identified the strategic elements and set metrics for success to ensure the plan would be trackable and deliver consistent value to advance entrepreneurship in Tennessee.

The full plan can be viewed at launchtn.org/strategicplan.
Table of Contents

36|86 Entrepreneurship Festival ................................................. 12
Student Engagement ................................................................... 16
  36|86: Student Edition.............................................................. 17
  Student Ambassador Committee ............................................ 18
Regional Meetups ...................................................................... 18
Internship Program .................................................................... 19
Capital ..................................................................................... 20
  Impact Fund ........................................................................... 21
  Angel Tax Credit ................................................................. 22
  INCITE Co-Investment Fund .................................................. 23
Commercialization .................................................................. 24
  SBIR/STTR Microgrant Program ........................................... 25
  SBIR/STTR Matching Fund .................................................... 25
Statewide Entrepreneurship Partners ....................................... 26
  Entrepreneur Centers ............................................................. 27
  Bunker Labs ......................................................................... 28
  Mentor Networks .................................................................... 29
Launch Tennessee Team ............................................................ 30
Launch Tennessee Board of Directors ................................. 31
36 | 86 Entrepreneurship Festival

36 | 86 is an intimately designed experience for the innovators, trailblazers and deal makers. This event provides entrepreneurs and investors tools to get to the next level and to make connections.
The 2018 36|86 Entrepreneurship Festival featured programming to help entrepreneurs build, scale and execute their visions.
Launch Tennessee supports startups from ideation to exit in capital formation, talent development and retention, access to markets and commercialization of technology in an effort to become the most startup-friendly state in the nation.

To serve this mission and to reinforce our regional position of thought leadership, Launch Tennessee produces an annual event, 36|86 Entrepreneurship Festival, for entrepreneurs, investors, innovators and ecosystem developers from across the country.

The agenda featured workshops, panels and fireside chats aimed at helping startups build, scale and execute on their businesses.

The 2018 event featured over 100 speakers and included U.S. Securities and Exchange Commission Chairman Jay Clayton, a father-son fireside chat featuring Governor Haslam and his dad, Jim Haslam, founder of Pilot Flying J, and Maarten Sierhaus, Chief Technology Director for Nissan.

**FedEx Global Entrepreneur Access program**

In partnership with FedEx, 104 underrepresented founders attended 36|86 through the FedEx Global Entrepreneur Access program.
Student Engagement

Student founders are core to Tennessee’s strong tech talent pool. LaunchTN and our partners offer resources to catalyze campus-based innovation.
36|86: Student Edition

36|86: Student Edition featured 12 student-led startups from 7 Tennessee universities pitching for a chance to win $60,000 and mentorship with experts in their field.

**New for 2018:** The “Crowd Favorite” competition in which over 2,400 votes were cast!

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### 36|86: Student Edition Winners

1st Place - PredictionHealth  
2nd Place - Synchro Motion  
3rd Place - ATS Innovations  
Crowd Favorite - Flo + Co.
Regional meetups were great opportunities for student entrepreneurs to find resources for their startup and to get involved with the entrepreneurship community. In 2018, events were hosted in Nashville, Chattanooga and Memphis and featured a fast-pitch competition, networking with experienced founders and summer internship opportunities.

Student Ambassador Committee

Comprised of entrepreneurially minded Tennessee undergrad or graduate students, the Student Ambassador Committee (SAC) advised LaunchTN on how to better support student founders. The SAC also offered fellow students insight into the resources that are available to them and helped in the coordination of regional student meetups.

Regional Meetups

Regional meetups were great opportunities for student entrepreneurs to find resources for their startup and to get involved with the entrepreneurship community. In 2018, events were hosted in Nashville, Chattanooga and Memphis and featured a fast-pitch competition, networking with experienced founders and summer internship opportunities.
Internship Program

LaunchTN’s Internship Program boasts 100+ talented, innovative alumni who interned at one of Tennessee’s 6 regional entrepreneur centers (ECs) since 2015. This year, the program expanded to include internship opportunities with 12 startups located across the state and successfully placed 31 interns.

In their words...

My internship with LaunchTN provided me the opportunity to elevate my interest in entrepreneurship to a new level. Assisting entrepreneurs to make Tennessee the most startup-friendly state in the nation is the perfect blend of challenge and impact, with something new each day. I fell in love with my internship this summer at LaunchTN, and am excited to jump back into the Nashville entrepreneurship scene post-graduation!

Ashlin Wildun
MBA Student at Tennessee Tech University

The LaunchTN intern program provided us with fresh development talent to help us complete several major new features for our software, which in turn has driven additional revenue for Smart RIA. At the completion of the program, we hired our development intern as a full time employee! I highly recommend taking advantage of the LaunchTN internship program. It was a real game changer for us.

Mac Bartine
CEO of Smart RIA
In 2017 we hosted our fifth conference, attracting more than 1,000 attendees from the Southeast and across the country.

Capital Programs

Launch Tennessee encourages private investment at the crucial early stages of a startup’s journey.
Launch Tennessee established the Impact Fund in 2017 to invest in startups solving social, environmental and economic problems. Specifically, it focuses 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.

This year, LaunchTN made its first investment from the Impact Fund in Hytch, a social impact technology platform that inspires and rewards people for ridesharing.

Users earn rewards for every mile you log using the app. You rack up “Trees Saved” based on the number of carbon neutral miles you Hytch. Users can also earn cash rewards in sponsored areas.

LaunchTN is creating the market place, building a stage and enabling entrepreneurs. I love how the team is proactively introducing Hytch Rewards to decision makers in Chattanooga, Memphis and places outside our existing relationships.

We meet venture investors and thought leaders through LaunchTN - it’s like they’re giving spinach to Popeye - the source of supercharged engagement that improves your competitive position.

Mark Cleveland Co-founder and CEO of Hytch
The Angel Tax Credit incentivizes new and existing angel investors by allowing them to earn up to $50,000 in credits against the Hall Income Tax liabilities when they invest in pre-qualified startups. The credit provides vital funding for early-stage companies and creates more financing options to support their growth.

**New for 2018:** Single Purpose Vehicles (SPVs) now qualify!
INCITE Co-Investment Fund

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.

Created in 2011 using $28.8M of federal funding awarded under the State Small Business Credit Initiative, the Fund—administered by LaunchTN—matches a portion of investments in Tennessee-based companies. To date, all $28.8M has been invested, leveraging $87.8M in private capital. An additional $79M in follow-on capital has been invested, for a total of $195M to Tennessee companies.
In 2017 we hosted our fifth conference, attracting more than 1,000 attendees from the Southeast and across the country.

Commercialization

Translating research from institutions and universities into the marketplace is key to a strong startup ecosystem.
SBIR/STTR Microgrant Program

The LaunchTN Microgrants program is available to Tennessee-based early-stage companies that are currently or will be in the near-term applying for an SBIR/STTR Phase I, Phase II or Fast-Track award.

The intent of the SBIR/STTR Microgrants program is to increase the number of quality SBIR/STTR applications by providing financial support for experienced grant-writing assistance.

SBIR/STTR Matching Fund

Launch Tennessee developed and funded the Small Business Innovation Research / State Technical Transfer Research Matching Fund Grants to advance commercialization efforts in the state by matching funding awarded to Tennessee-based companies through federal SBIR and STTR grant program. This funding is available for entrepreneurs, startups and small businesses commercializing technology.

I would not have considered working on this grant application without the support from LaunchTN Microgrants Program. I know how time-consuming SBIR/STTR or other federal grants are to prepare and submit. Patience and expertise from the grant consultant we hired from your list really helped when we ran into challenges. Now, I know what to expect and I am set up to do this and will consider writing future grants!

Esra Roan, Ph.D.
CEO of SOMAVAC Medical Solutions, Inc.
In 2017 we hosted our fifth conference, attracting more than 1,000 attendees from the Southeast and across the country.

Statewide Entrepreneurship Partners

Tennessee is one of the only states with an entrepreneur resource infrastructure on a state level. Through this network of partners, we deliver curriculum, mentors and more to entrepreneurs building high-growth-potential businesses.
Entrepreneur Centers

Launch Tennessee supports 6 regional Entrepreneur Centers that provide curriculum, mentorship, co-working space, early-stage capital 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.

**Entrepreneur Centers by the numbers**

- **$39.6M** investment capital raised
- **1,986** entrepreneurs and startups served
- **256** jobs created
- **691** events hosted
- **750** Female participants
- **313** Minority participants

**Nashville**
- Industry Expertise
- Advisor Network
- Co-working

**Memphis**
- Co-working
- Networking
- Access to Capital

**Cookville**
- Workshops
- Co-working
- Mentorship

**Jackson**
- Mentorship
- Co-working
- Maker Space

**Knoxville**
- Cohort-style Programming
- Access to Capital
- Mentorship

**Chattanooga**
- Accelerator Programming
- Community Events
- Access to Capital
In 2018, LaunchTN partnered with the Bunker Labs Nashville chapter to expand its service area into 16 counties around the state. This partnership brought inspiration, education and connections to over 700 veterans and veterans’ spouses to enable them to start and grow businesses in Tennessee.
Mentor 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 (TAEB) have built a cadre of experts with executive experience and subject-matter expertise to mentor entrepreneurs. Through completion of a stage-gate curriculum, Tennessee’s life science and energy entrepreneurs are positioned to raise capital, win grant awards and scale their companies. The Networks also provide unique access to industry-specific research assets, subject-matter experts and Launch Tennessee’s growth-stage programming.

TAEB champions advanced energy as a job creation and economic development strategy, educating public officials and business leaders about Tennessee’s advanced energy assets, establishing strategic partnerships to connect assets with opportunities, and informing policy that expands and strengthens the industry.

Life Science Tennessee is a statewide, non-profit, member organization whose mission is to advance and grow the life science industry in Tennessee through advocacy, partnerships and alignment with economic and workforce development.

Mentor Networks by the numbers

$19M
Investment capital raised by Network Companies

30
Companies engaged

87+
Mentors
Launch Tennessee Team

Charlie Brock, CEO
Jill Van Beke, Chief Program Officer
Brittany Burgess, Director of Partnerships
Lindsey Cox, Director of Operations, Government Affairs & 36|86
John Lanahan, Director of Capital Formation
Tia Coffey, Office Manager
Jami Creel, Marketing Manager
Susan Parham, Finance & Accounting Manager
Khrys Hatch, Capital Formation Coordinator
Launch Tennessee Board of Directors

Calvin Anderson, President, Clear Strategies Group
AJ Bahou, Partner, Waller Lansden Dortch & Davis, LLP
Tom Ballard*, Director of Innovation & Entrepreneurial Initiatives, Pershing Yoakley & Associates
Alan Bentley, Assistant Vice Chancellor at the Center for Technology Transfer & Commercialization, Vanderbilt University
Steve Crawford, Senior Vice President and Chief Technology Officer, Eastman Chemical Company
Dr. Brian Debusk, Chief Executive Officer, DeRoyal Industries, Inc.
Bruce Doeg*, Chairman-Business Department, Baker Donelson Bearman Caldwell & Berkowitz
Mayor Dan Eldridge, Washington County
Shawn Glinter, Entrepreneur, Pendant
Marci Harris, Chief Executive Officer, POPVOX
Rep. Patsy Hazlewood, State Representative, Tennessee General Assembly
Rep. Susan Lynn, State Representative, Tennessee General Assembly
Kristina Montague, Managing Partner, The Jump Fund
Dr. Brian Noland, President, East Tennessee State University
Dawn Patrick, Managing Partner, Cherry Bekaert LLP
Stacey Patterson, President and CEO, UTRF
Julia Polk, Chief Strategy Officer/Chief Financial Officer, IQuity
Bob Rolfe, Commissioner, Tennessee Department of Economic & Community Development
Richard Smith, Managing Director-Life Sciences & Specialty Services, Federal Express
David Waddell, President & CEO, Waddell & Associates
Senator Bo Watson, Senator, Tennessee General Assembly
Frank Williamson, Managing Partner, Oaklyn Consulting
Dr. Thomas Zacharia, Director, Oak Ridge National Laboratory

*Emeritus