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Welcome
Dear Governor Lee and Members of the Tennessee General Assembly:

As I’ve traveled around the state during the past year, I’ve been inspired by the enthusiasm for entrepreneurship shared by our network partners, policymakers, investors, and startup founders. From our bustling urban centers to our wealth of rural communities, each unique, our stakeholders are energized. They share the state’s commitment to investing in innovation. And they’re eager to work with LaunchTN to empower a collaborative statewide network to create jobs and invigorate local economies.

This has been a transitional year for LaunchTN, but it’s also been transformational. Our organization is evolving along a path similarly traveled by the companies we serve: from a startup mindset, scrappy and determined, into...
a maturing organization that’s adding expertise, enhancing programming, and strengthening connections with partners across Tennessee and beyond.

With a creative spirit and a data-driven, strategic approach to fulfilling our mission, the LaunchTN team has made tremendous strides in 2019 as we build for the future.

One year ago, we said farewell, with gratitude and appreciation, to former CEO Charlie Brock. LaunchTN made significant progress under Charlie’s leadership toward building the world-class entrepreneurial ecosystem we all desire. The five-year plan approved by our Board of Directors in July 2018 serves as a blueprint for growth, and we continue to refine our approach as opportunities arise.

In this year’s annual report, you’ll read about many of the successes of 2019. In addition, I’d like to highlight two distinctive achievements that will show important impact in FY20.

First, we enhanced our Impact Fund so that in FY20 we could launch the Innovation Capital Continuum, adding two new equity initiatives for Tennessee startups: the Blended Capital Fund and the Follow-on Fund. Each is structured to promote new opportunities for capital-seekers.

Second, thanks to forward-thinking and strategic leadership of our legislators and administration, our SBIR/STTR Matching Fund doubled for FY20 from $1.5 million to $3 million — a boost that enables more of our state’s research pioneers to create businesses to commercialize their discoveries.

And of course these are only brief examples of the extraordinary progress we’ve experienced in 2019. I hope you enjoy reading our annual report, which brings more of our work to life through the voices of founders, investors, students, and corporate partners in our community.

We’re grateful for your commitment to Tennessee’s entrepreneurial ecosystem, and your support for LaunchTN. I look forward to working with you in the coming years, guided by our vision to make Tennessee the most startup-friendly state in the nation.

On behalf of the team, my very best, and thank you,
We are a public-private partnership that fosters entrepreneurship, with the vision 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 and creating jobs in Tennessee.
Strategic Plan.

Building on the strategic plan adopted by our Board of Directors in the summer of 2018, we focus on five strategic priorities:

1 | Capital
Engage angel, venture, and corporate venture dollars from across the state, region, and country, and provide access to alternative funding sources to serve entrepreneurs.

2 | Market Access
Curate connections and create programs for established businesses to partner with startups as early adopters, first customers, mentors, investors, and more.

3 | Commercialization
Offer resources to facilitate the commercialization of institutional research into startups.

4 | Talent
Create tactics to develop, recruit, and retain best-in-class tech and business talent.

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

View our full plan at launchtn.org/strategicplan.
Network Partners.

We fulfill our mission through close coordination with nine network partners. With regional and industry-focused approaches, our partners support entrepreneurs through every stage of growth.
Entrepreneur Centers

Six regional Entrepreneur Centers provide curriculum, mentorship, co-working space, and other support to entrepreneurs.

Data provided by Entrepreneur Centers
Mentor Networks

Together with Life Science Tennessee and Tennessee Advanced Energy Business Council, we created the LaunchTN Mentor Networks program to **support entrepreneurs** in industries core to the Tennessee economy.

**MENTOR NETWORKS SUCCESS METRICS TO DATE SINCE 2014:**

- **44** companies
- **$34M** in combined capital raised and grants won
- **117** mentors

In 2018, LaunchTN partnered with Bunker Labs Nashville to **support entrepreneurial programming** for veterans and veterans’ spouses.

**Supporting Veterans**

- **1,416** veterans engaged
- **16 counties represented**
- **$10.5M** investment capital raised
- **337** Tennessee jobs created
- **71** hosted events

**BUNKER LABS - NASHVILLE CHAPTER TO DATE**
A statewide network of entrepreneur resource centers is rare – we’re thrilled to be a part of this system in partnership with Launch Tennessee.

At times we get to be a resource, and other times we’re on the receiving end of a wealth of connectivity. One of our symbiotic areas of focus is growing tech talent right here in Tennessee, and the support of LaunchTN with our Dev Catalyst program has been essential.

Lisa Garner
Executive Director, theCO
Programming

Capital 1
Market Access 2
Commercialization 3
Talent 4
Environment 5
During FY19, we developed the Innovation Capital Continuum, which we launched in FY20. The ICC provides in-demand capital solutions for scalable early-stage companies. By creating a continuum of capital resources for Tennessee startups, we promote financial opportunity for all citizens.
The Impact Fund

In 2017, we established the Impact Fund, providing 20 seed-stage investments at $50,000 to $150,000 each in startups solving social, environmental, and economic problems. Among our first investments: Hera Health Solutions.

The Memphis-based company’s vision is to provide access to conveniently sustainable medicine. Today, Hera’s patent-pending Eucontra offers patients an implant that reabsorbs into the body, providing a safe and effective pharmaceutical delivery solution.

“We are honored to be a portfolio company of the LaunchTN Impact Fund. The matching investment from LaunchTN for our Series Seed investment round was crucial for our R&D and to hit key milestones.

The networking opportunities through events like 36|86 Entrepreneurship Festival have also made a big difference by allowing our team to connect with other key investor groups, mentors, and advisors.

These unique opportunities really highlight why we are excited that Tennessee is our home.
Angel Investor Tax Credit

Over the past two years, we’ve encouraged participation in Tennessee’s Angel Tax Credit program, one of the ways the state is creating a more favorable environment for early-stage capital formation.

2018 METRICS

$3.28M dollars leveraged
+$1M credits approved + pending
51 unique investors applied
49.1% are new angels
average $101,250
median $50,000
LaunchTN and its network of support organizations is an extremely coordinated and effective statewide effort. The team has been invaluable in helping us navigate the ecosystem in the region.

We recently launched TechFarms Capital with the mission to enhance entrepreneurial ecosystems by investing in and developing tech startups throughout the Southeast US region. We found extreme value in the 36|86 event. It was well-executed and the caliber of the startups we got to meet exceeded our expectations.

Kelly Reeser
Managing Director, TechFarms Capital
LaunchTN Market Access programs curate connections between startups and established businesses who become early adopters, first customers, strategic partners, or advisors.

Our LEAP initiative helps to curate introductions and reduce barriers for startups.

This year, we’ve created a roadmap to add to our toolkit. The goal: to help us build corporate engagement and yield stronger connectivity with Tennessee startups.

Since inception in 2018, we’ve held 8 LEAP sessions with 7 corporate hosts resulting in 68 meetings and 12 paid engagements.
Since inception in 2018, we’ve held 8 LEAP sessions with 7 corporate hosts resulting in 68 meetings and 12 paid engagements.

Entrepreneurs across the state from Mountain City to Memphis have changed the face of the economy in Tennessee. LaunchTN, with intention and focus, is working every day to connect budding entrepreneurs with resources so that Tennessee will continue to benefit from the transformational growth that comes from a healthy and vibrant startup community.

By helping the ideas of today become the businesses and jobs of tomorrow, LaunchTN has become a key component of Tennessee’s flourishing business climate.

‘’

Tennessee Rep. Patsy Hazlewood
Commercialization.

SBIR/STTR Matching Fund

The SBIR/STTR Matching Fund program helps innovators commercialize their R&D by providing matching grants to Tennessee recipients of federal grants.

Looking ahead to FY20, innovators in our state will have the benefit of a $3 million SBIR matching fund, doubled from the prior year, to support advancing their pioneering work from the lab to the marketplace.
The microgrant was extremely helpful in securing non-dilutive capital for Nth Cycle’s technical development. We had applied to several SBIRs before this one and had no luck winning any funding.

With the help of this microgrant, we were able to hire an SBIR consultant who coached us on how to draft our winning National Science Foundation application.

We’ve also been fortunate to receive matching funds from LaunchTN based on the NSF grant, which will extend our company’s runway six months, putting us in a much better position to scale the company quickly!

Megan O’Connor, PhD
Cofounder + CEO, Nth Cycle
Discover Entrepreneurship Program

We partner with three organizations to make innovation and tech education curriculum accessible to Tennessee students. Each program is free to high schools and community organizations across the state.

**LAUNCHING BRIGHT IDEAS**
**LAUNCH Chattanooga**
Step-by-step entrepreneurship experience, from ideation to business model

**CHANGE AGENTS**
**Fathom, Nashville**
Curriculum focused on entrepreneurial approach to civic engagement

**DEV CATALYST**
**theCO, Jackson**
Coding and holistic tech education platform
Launched Code

LaunchTN partnered with the Tennessee Board of Regents and Southwest Tennessee Community College to pilot LaunchCode, a free coding course, in the Memphis region. The program provides training for people of all backgrounds and experiences, creating a steady talent stream for the local tech entrepreneurial landscape. Our inaugural cohort attended classes two nights a week from February to July 2019.

Job Board

We debuted the LaunchTN Job Board in April. For the first time, talent in the startup community has a single go-to source for Tennessee organizations looking to hire.
Internship Program

The LaunchTN 2019 Summer Internship Program kicked off in May. With summer posts in fields from data science to communications and chemical engineering, our cohort enjoyed a broad taste of the entrepreneurial experience.

Midway through the program, our interns convened at the Nashville Entrepreneur Center for a full day of networking, workshops, and panels for professional development.

We have worked with LaunchTN on various initiatives, but this was by far one of the most rewarding for both me and my team. Our goal this summer was to offer our interns not only the satisfaction of completing an internship, but also a sense of accomplishment when they look back at the real world, forward-thinking, and innovative assignments they were tasked with completing. Their aptitude, positivity and eagerness outpaced all of our expectations. We hope that they have garnered as much intrinsic value from us during this internship as we have derived from their work.

Lee Jestings, Enexor BioEnergy, Franklin
Before my internship, I wasn’t exposed to entrepreneurship.

But now, after interning with Start Co., I want to do something from the ground up – 100%. I worked with seven companies this summer, doing research into things like logistics, medical devices, and on-demand delivery, and we also hosted weekly pitch practice and office hours to provide feedback and support for our companies. I plan to stay in touch with Start Co. and definitely attend events and keep learning.

Abdullah Aldakheel
Start Co. (University of Memphis)
LaunchTN’s annual Week on the Hill connects entrepreneurs and innovators with legislators to discuss key challenges that small businesses face today.

This year, AgLaunch, Bunker Labs, EO Nashville, Life Science Tennessee, Nashville Tech Council, and Tennessee Advanced Energy Business Council collaborated with us to bring entrepreneurship and innovation to the forefront of our legislative process.

Together we delivered a high-impact week packed with special events and connections between policymakers and the job creators they represent.

**WEEK ON THE HILL BY THE NUMBERS**

- 113 meetings held with legislators
- 647 entrepreneur & innovator exchanges with legislators
- 220+ legislative reception attendees

Environment.
With support from the Kauffman Foundation, we enlisted TEConomy to help us get a clear vision of Tennessee’s entrepreneurial landscape. The report included policy recommendations to address gaps in our state’s startup ecosystem. Here are those policy points, and our actions in response:

**Recommendation 1**
Invest in startup activity as a core economic development pillar by doubling appropriation.

**Result:** The 2019 General Assembly increased our operating budget by $300,000, and doubled our FY20 SBIR/STTR Matching Funding, administered by LaunchTN with the support of the Department of Economic and Community Development, to $3 million.

**Recommendation 2**
Draw on lessons learned and input from LaunchTN and its Network Partners to design a capital initiative.

**Result:** We launched the Innovation Capital Continuum, featuring three equity initiatives: the Impact Fund, the Blended Capital Fund, and the Follow-on Fund.

**Recommendation 3**
Engage the private sector in the state’s startup and innovation agenda.

**Result:** Our LEAP initiative curates connections between Tennessee startups and corporate hosts seeking innovative solutions to business challenges.

**Recommendation 4**
Provide tech transfer and industry engagement support to regional universities that lack formal industry liaison and tech transfer staff.

**Result:** We hosted SBIR/STTR workshops at 10 sites, including Tennessee State University, Tennessee Tech University, and East Tennessee State University.

**Recommendation 5**
Pilot and scale talent programs with partner agencies and organizations.

**Result:** We debuted the LaunchTN Job Board to share employment opportunities at startups and technology companies across the state.
36|86 Entrepreneurship Festival

For two days in August, more than 1,200 founders, investors, and ecosystem builders came together in Nashville for LaunchTN’s seventh-annual 36|86 Entrepreneurship Festival.

With innovative programming, investor speed dating, networking, and our signature rooftop happy hour, the conference took over four downtown honkytonks and wrapped up VIP-style at Live On The Green.

36|86 is our marquee event — a prime opportunity to shine a spotlight on Tennessee’s diverse entrepreneurial community and thriving innovation economy. It’s a chance for investors to meet founders, for entrepreneurs to mingle with like-minded businesspeople, and for policymakers and thought leaders to share insights, guidance, and lessons learned.

Among our 100+ voices: Apple’s Jeff Bigham, Tennessee Gov. Bill Lee, Cooperative Capital’s Kwaku Osei, Singtel’s Tiffine Wang, Hadiyah Mujhid from HBCUvc, Maria Aspan from Inc. magazine, and AllianceBernstein’s Seth Bernstein.

36|86 BY THE NUMBERS

1,200+ attendees

41% FEMALE

59% MALE

53% female or underrepresented speakers
36|86 PAVILION AT LIVE ON THE GREEN
Under a big tent at Nashville’s annual outdoor music festival, our four-day activation featured mini-pitch competitions, a **startup and tech job fair**, and, in partnership with our friends at the Adventure Science Center, a kids and robotics day.

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**BY THE NUMBERS**
- **31 states** represented
- **30%** serial entrepreneurs
- **70%** first-time entrepreneurs
- **31** states represented
- **42%** entrepreneur
- **44%** ecosystem/supporter
- **14%** investor
- **70%** attendance
- **42%** Tennessee
- **26%** Georgia
- **22%** California
- **11%** Texas
- **9%** Kentucky/NY

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Entrepreneur

Investor

Ecosystem/Supporter

First-time entrepreneur

Serial entrepreneur

Attendance

Top five states

Tennessee

Georgia

California

Texas

Kentucky/NY

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36|86 Entrepreneurship Festival

MY BUSINESS MATCHES

On the second day of 36|86, Wildhorse Saloon became Speed Dating HQ, as investors and entrepreneurs gathered for more than 300 meetings. The platform applies a compatibility scoring module to coordinate meaningful connections.

300+
entrepreneur + investor/corporate meetings

50%
out-of-state investors representing 23 states
$120K IN PRIZES

The spirit of competition flourished at 36|86 this year with live pitch contests. The caliber of our competitors is a testament to the Tennessee entrepreneurial spirit and the next generation of innovative leaders across our state.
Outreach

THE PITCH

We rebranded our weekly newsletter in June as The Pitch: Entrepreneurial News You Need. Curated to include original content about LaunchTN initiatives, partner news from our network, events in our statewide startup ecosystem, and featured positions from the LaunchTN Job Board, The Pitch now reaches an audience of 3,500 — and growing.

LAUNCHTN + 36|86 BLOG

A dynamic mix of content focuses on sharing Tennessee success stories, boosting our audience, and driving readers to our programming. News mingles with “Disrupt the Continuum” previews, tips for upgrading your 36|86 experience, and tales from our ever-intrepid traveling staff.

5 FEDERAL AGENCIES AT YOUR SERVICE WITH SBIR GUIDANCE

LaunchTN’s SBIR Road Tour features virtual, 1:1, and lunch-and-learn sessions with innovation experts.
DISRUPT THE CONTINUUM

In March, we launched Disrupt the Continuum, a biweekly podcast exploring issues and challenges in the startup world, featuring engaging, casual conversation with entrepreneurs, investors, and ecosystem builders. Season 1 listeners enjoyed interviews taped live on-site at 36|86, plus an episode with our CEO Margaret Dolan looking back at her first few months with LaunchTN, and a preview of 36|86 with Director Lindsey Cox.

TOP EPISODE - MARCH 25

Capital, 36|86, and the benefits of doing business in Tennessee

INTERVIEW WITH LAUNCH TENNESSEE CEO MARGARET DOLAN

809 TOTAL DOWNLOADS

Jammber CEO Marcus Cobb, interviewed on-site at 36|86 for Season 2 of Disrupt the Continuum.
Team

Margaret Dolan, President & CEO
Brittany Burgess, Director of Partnerships
Tia Coffey, Office Manager & Executive Assistant to the CEO
Lindsey Cox, Director of Operations & Government Affairs
Jami Creel, Marketing Manager
Morgan Dent, Talent Program Manager
Khrys Hatch, Program Coordinator

Wendy Malloy, Director of Communications
Allie Mikels, Commercialization Program Manager
Susan Parham, Finance & Accounting Manager
Topher Price, Operations Coordinator
Jill Van Beke, Chief Program Officer
Ashlin Wildun, Partnerships Coordinator
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<tr>
<th>Name</th>
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<tr>
<td>Bob Rolfe</td>
<td>Commissioner, Tennessee Department of Economic &amp; Community Development (Chairman)</td>
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<td>Calvin Anderson</td>
<td>President, Clear Strategies Group</td>
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<td>A.J. Bahou</td>
<td>Partner, Waller Lansden Dortch &amp; Davis, LLP</td>
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<tr>
<td>Tom Ballard</td>
<td>Chief Alliance Officer, Pershing Yoakley &amp; Associates (Emeritus)</td>
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<tr>
<td>Alan Bentley</td>
<td>Assistant Vice Chancellor, Center for Technology Transfer &amp; Commercialization, Vanderbilt University</td>
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<tr>
<td>Stephen Crawford</td>
<td>Senior Vice President &amp; Chief Technology Officer, Eastman Chemical Company</td>
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<td>Dr. Brian DeBusk</td>
<td>Chief Executive Officer, DeRoyal Industries, Inc.</td>
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<td>Shawn Glinkter</td>
<td>Founder &amp; Chief Executive Officer, Pendant Biosciences, Inc.</td>
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<td>Marci Harris</td>
<td>Chief Executive Officer, POPVOX</td>
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<td>Dr. H.M. “Hash” Hashemian</td>
<td>President &amp; Chief Executive Officer, Analysis and Measurement Services Corporation</td>
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<td>Patsy Hazlewood</td>
<td>State Representative, Tennessee State Legislature</td>
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<td>Susan Lynn</td>
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<td>Kristina Montague</td>
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<td>Dr. Brian Noland</td>
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<td>Dawn Patrick</td>
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<td>Dr. Stacey Patterson</td>
<td>Vice President for Research, Outreach and Economic Development, University of Tennessee, Knoxville</td>
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<td>Julia Polk</td>
<td>Chief Strategy Officer, Decode Health</td>
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<td>Denny Wayne Robinson</td>
<td>County Executive, White County Tennessee</td>
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<td>Richard Smith</td>
<td>Regional President of the US and Executive Vice President of Global Support, FedEx Express</td>
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<tr>
<td>David S. Waddell</td>
<td>President, Chief Executive Officer &amp; Chief Investment Strategist, Waddell and Associates, LLC.</td>
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<td>Bo Watson</td>
<td>State Senator, Tennessee State Legislature</td>
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<td>Frank Williamson</td>
<td>Founder &amp; CEO, Oaklyn Consulting</td>
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<tr>
<td>Dr. Thomas Zacharia</td>
<td>Laboratory Director, Oak Ridge National Laboratory</td>
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Thanks to partners like Launch Tennessee, we are developing both a workforce and the infrastructure needed to continue making our state the nexus for the jobs of the future. Partnerships like this empower homegrown entrepreneurs and bolster Tennessee’s global reputation as a business-friendly destination.

— Gov. Bill Lee