



**A Five-Year Strategic Plan to Make Tennessee  
A National Innovation Leader**

# Governor Haslam's Focus on High-Quality Jobs



# Challenge & Opportunity



## State New Economy Index Rankings

Top 5 Growth	1999	2002	2007	2010
Michigan	34	22	19	17
Rhode Island	29	23	15	16
Maryland	11	5	3	3
New York	16	11	10	10
North Dakota	45	47	37	36
Top 5 Decline	1999	2002	2007	2010
Tennessee	31	34	36	41
New Mexico	19	25	33	32
Hawaii	26	38	41	40
Kentucky	39	42	45	44
Alabama	44	45	46	47

## Opportunity

While Tennessee’s overall index ranking has decreased over time, there are many signs that significant opportunity exists including the fact that Tennessee ranks:

**#8** in federally funded research

**#15** in entrepreneurial activity

**# 23** in healthcare IT

## Federal R&D Research

Institution	2010 Research
Oak Ridge National Lab	\$1.5 B
Vanderbilt	\$550 M
St. Jude’s	\$302 M
University of Tennessee	\$280 M
Board of Regents	\$80 M

# Tennessee Innovation Data



## Venture Capital Investment (2010-11)

Select States	# Deals	\$ Invested
Colorado	186	\$1,102,170,100
Pennsylvania	306	\$1,061,876,700
Virginia	131	\$1,006,491,100
North Carolina	112	\$843,270,200
Maryland	148	\$697,786,100
Georgia	121	\$673,492,000
Florida	90	\$518,572,200
Ohio	119	\$387,635,900
Indiana	31	\$257,896,100
Missouri	36	\$192,648,000
<b>Tennessee</b>	<b>57</b>	<b>\$166,977,200</b>
South Carolina	11	\$42,738,000
Louisiana	11	\$39,814,900
Kentucky	21	\$25,212,900
Arkansas	2	\$5,000,100
Alabama	4	\$4,115,000

## Technology Transfer & Commercialization

Key Indicator	2010	Change from 2006 to 2010	% Change
Total Research Expenditures	\$2.5 B	\$700 M	38%
U.S. Patents Issued	128	51	66%
In-State Startups Formed	7	1	16%
Licensing Revenue	\$10 M	- \$1.9 M	- 16%



*The Governor announced his INCITE Initiative on May 5, 2011 at the TTDC Annual Conference.*

## INCITE Initiative

(Innovation, Commercialization, Investment, Technology and Entrepreneurship)

Startup Tennessee

Regional Accelerators

Co-Investment Fund

Governor's Innovation Conference  
*April 26-27, 2012*

# Strategic Planning Process

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- TTDC Strategic Planning Committee: Joe Cook Jr., Bruce Doeg, Bill Evans, Bill Hagerty, Ted Nelson, Jim Phillips, Leslie Wisner-Lynch
- Working Team: Brad Smith (ECD), Will Alexander (ECD), James Stover (TTDC), Sam Lingo (Entrepreneur Center), Henry Gindt (ECD)
- Interviews with entrepreneurship organizations in the state
- Interviews with tech transfer officers in the state
- Interviews with leading venture capital firms in and outside the state
- Interviews with TTDC board members
- Interviews with national experts

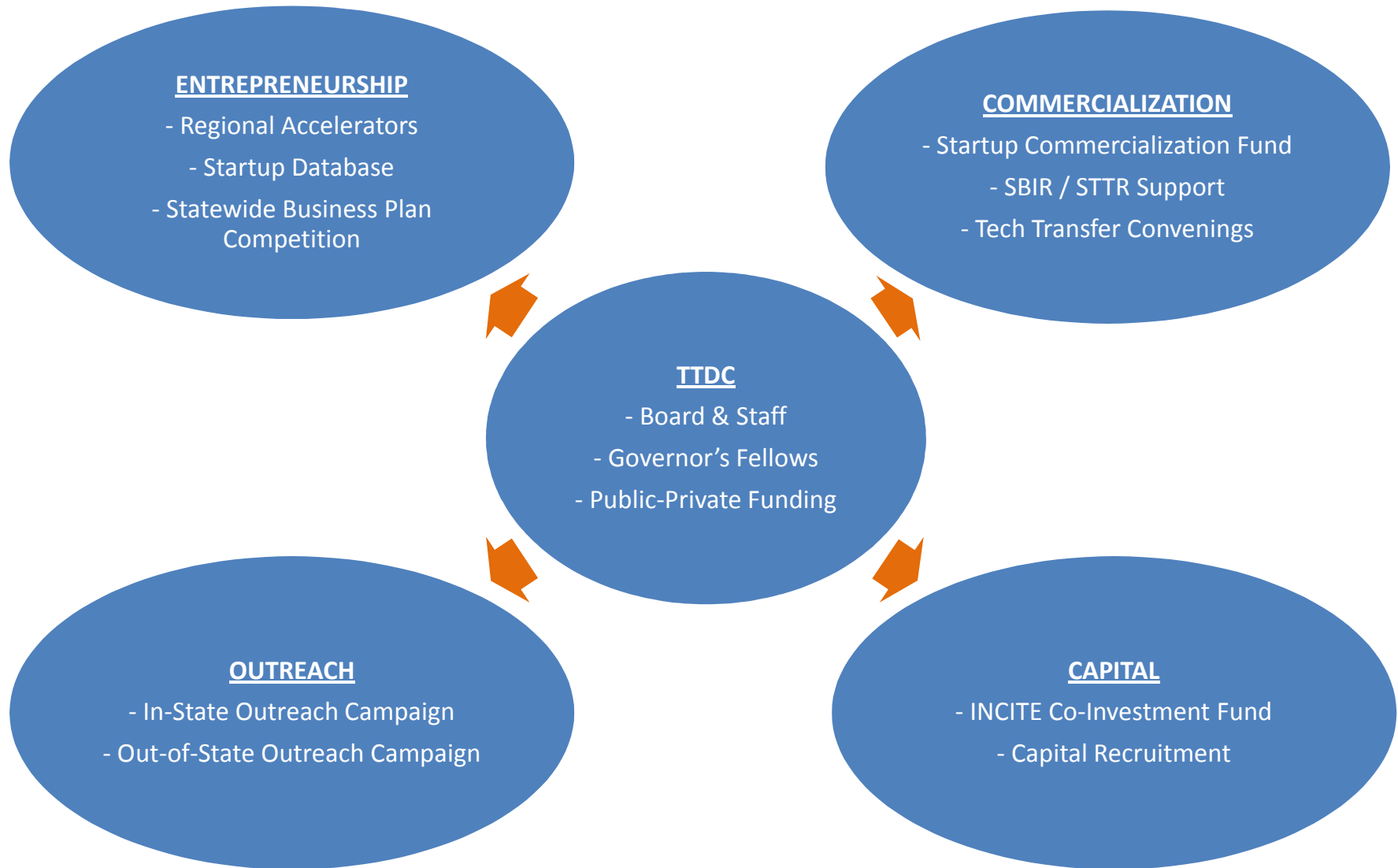
# Goals & Metrics



Over the coming months, Launch Tennessee will develop specific five-year goals on key metrics as well as a dashboard for tracking those metrics over time. Potential metrics include:

Metric	Measurement
% increase in venture capital funding to Tennessee companies	Annual survey of startup companies and venture capital firms in the state
% increase in the number of high-growth startups in Tennessee	Annual data from the Startup database and an annual survey of startup companies
% increase in the number of licenses from research institutions in Tennessee to Tennessee companies	Annual survey of tech transfer offices at the research institutions in the state
% increase in corporate research partnerships at research institutions in Tennessee	Annual survey of tech transfer offices at the research institutions in the state

# Overview





Program	Details
Regional Accelerators	<ul style="list-style-type: none"><li>• Oversee and provide support to the nine regional accelerators currently being funded by the state</li><li>• Help convene regional accelerators to share best practices around entrepreneur recruitment, business plan screening, mentoring and other key accelerator activities</li><li>• Partner with regional accelerators and national partners to host innovation-related events that convene entrepreneurs, mentors, and investors from key sectors</li><li>• Ensure Governor’s Fellows provide periodic support to the regional accelerators as appropriate</li><li>• Work with partners to explore the possibility for accelerators or other entities to use technology to enable distance learning and cross-state collaboration</li></ul>
Startup Database	<ul style="list-style-type: none"><li>• Manage a statewide database of entrepreneurs, mentors, and investors that can track key performance metrics across the state</li><li>• Ensure all entrepreneurs, mentors, and investors involved with Launch Tennessee activities are part of this database</li></ul>
Statewide Business Plan Competition	<ul style="list-style-type: none"><li>• Work with the regional accelerators to hold regional business plan competitions that culminate in the most promising business plans being presented at the Governor’s Annual Innovation Conference</li></ul>

Program	Details
Startup Commercialization Fund	<ul style="list-style-type: none"><li>• Launch a new program to provide co-investment funding to early-stage companies looking to develop a company around a technology from a Tennessee-based research institution</li><li>• Provide the same match to corporations who are looking to take a technology they developed and spin it out into a new company</li><li>• Require any company obtaining co-investment funding to receive business planning support from a regional accelerator or similar entity</li></ul>
SBIR / STTR Support	<ul style="list-style-type: none"><li>• Contract with a consultant to provide SBIR/STTR grant writing support to early-stage companies across the state</li></ul>
Tech Transfer Officer Convenings	<ul style="list-style-type: none"><li>• Convene research institution tech transfer officers on a periodic basis to explore opportunities for collaboration</li><li>• Conduct a comparative analysis across institutions of licensing agreement and entrepreneurial leave policies</li><li>• Explore options for expanding federal commercialization funding in the state through Broad Agency Announcements (BAAs)</li><li>• Support the state's continued application for the TN-EPSCoR grant</li></ul>
Corporate Research Partnership Recruitment	<ul style="list-style-type: none"><li>• Partner with research institutions to help recruit large corporate research partnerships to Tennessee by leveraging the Governor, Commissioner, Governor's Fellows and TTDC Board</li></ul>

Program	Details
INCITE Co-Investment Fund	<ul style="list-style-type: none"><li>• Oversee and manage the INCITE Co-Investment Fund</li></ul>
In-State Capital Recruitment	<ul style="list-style-type: none"><li>• Work with regional accelerators and regional angel networks to support the development and growth of angel capital networks across the state</li><li>• Work to engage Tennessee-based venture capital and private equity firms that are currently not involved in state-related innovation activities in Launch Tennessee activities</li><li>• Work to engage venture and private equity funds that are part of larger Tennessee-based corporations in Launch Tennessee activities</li></ul>
Out-of-State Capital Recruitment	<ul style="list-style-type: none"><li>• Partner with the Tennessee venture community to organize opportunities for venture firms from outside of the state to meet with Tennessee-based startup companies seeking funding</li><li>• Work to form partnerships between out-of-state venture capital firms and regional accelerators</li></ul>
Out-of-State Company Recruitment	<ul style="list-style-type: none"><li>• Identify early-stage, high-growth companies outside of Tennessee who might have a strategic reasons for moving some or all of their operations to Tennessee</li><li>• Partner with ECD, Tennessee investors, and Tennessee research institutions to recruit these companies to the state as appropriate</li></ul>

Program	Details
In-State Outreach Campaign	<ul style="list-style-type: none"><li>• Hold the Governor’s Annual Innovation Conference and grow it into a leading innovation conference in the Southeast</li><li>• Build a list of innovation stakeholders in the state and across the country and distribute a monthly email updating them on innovation activities in Tennessee</li><li>• Pitch stories on innovation-related activities and local startups to papers across the state</li><li>• Speak to various groups across Tennessee about entrepreneurship, tech transfer and early-stage capital</li><li>• Publish and publicize an annual report on innovation in Tennessee focused on monitoring the success of current innovation initiatives</li></ul>
Out-of-State Outreach Campaign	<ul style="list-style-type: none"><li>• Develop a marketing campaign targeting national media and thought leaders to position Tennessee as a national leader in the innovation space</li><li>• Organize a large in-bound day for venture capital firms to visit Tennessee and meet with promising Tennessee companies</li><li>• Hold showcases for Tennessee-based entrepreneurs and technologies in various out-of-state markets such as New York and California</li><li>• Partner with universities and other partners to develop a network of Tennesseans who are working out-of-state and are either interested in moving back to Tennessee or mentoring or investing in Tennessee-based companies</li><li>• Pursue opportunities for national partnerships with organizations such as the Blackstone Foundation, Kaufman Foundation, Startup America, Council on Competitiveness, etc.</li></ul>

- The Governor's Fellows will be 3-5 individuals with deep knowledge in specific industry sectors who commit to work closely with TTDC for a 12-month period including:
  - Spending several days a month working with entrepreneurs at different accelerators across the state
  - Spending time working with tech transfer officers to identify and help build companies around promising technologies
  - Taking out-of-state trips with the Governor, Commissioner, and/or TTDC CEO to recruit venture capital and high-growth companies to the state
  - Organizing events with key in-state and out-of-state stakeholders in the Fellow's sector of expertise to promote innovation in that sector
- Fellows will each be given a small budget to support their travel and any programs they develop during their year-long fellowship

## Board

- There are currently six vacancies on the TTDC Board of Directors with another five Director positions becoming vacant on June 30, 2012
- TTDC will work to aggressively recruit top-tier candidates into these Director positions

## Staff

- TTDC will be launching a national search for a full-time President and CEO, whose primary task will be implementing the Launch Tennessee plan
- TTDC will also be hiring at least four senior-level staff including Vice-Presidents of Entrepreneurship, Commercialization, Outreach, and Capital Formation

## Funding

- The Tennessee Department of Economic and Community Development will negotiate a five-year contract with TTDC to support implementation of the Launch Tennessee plan
- In addition, TTDC will begin to aggressively recruit private sector funding in order to diversify its funding base over time